

JOHANNESBURG DEVELOPMENT AGENCY (SOC) LIMITED

Registration no: 2001/005101/07



ANNUAL INTEGRATED REPORT 2018/19

IN TERMS OF SECTION 121 OF THE MUNICIPAL FINANCE MANAGEMENT ACT (2003) AND SECTION 46 OF THE MUNICIPAL SYSTEMS ACT (2000)

Registration number:	2001/005101/07
Parent municipality:	City of Johannesburg Metropolitan Municipality
Directors:	M Ntanga (Chairperson) K Govender T Sambo P Zagaretos J Karuri-Sebina S Jensma A Steyn E Peters C Botes (Chief Executive Officer – Deceased 30 April 2019) S Moonsamy (Chief Financial Officer) D Cohen (Acting Chief Executive Officer)
Registered address:	3 President (Helen Joseph) Street, Newtown, Johannesburg
Postal address:	PO Box 61877, Marshalltown, 2107
Telephone number:	+27 (0) 11 688 7851
Website:	www.jda.org.za
Bankers:	Standard Bank of SA Limited
Auditors:	The Auditor-General of South Africa
Company secretary:	Hasani Rodney Shirinda

JDA Vision

Building a more welcoming, competitive and resilient Johannesburg that is a better city to live, work and play in.

JDA Mission

To plan, implement, manage and facilitate area-based developments in efficient, equitable, sustainable and innovative ways

JDA Values

Accountability: To its shareholders, Board and key stakeholders

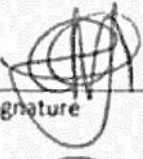


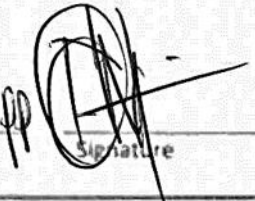
Innovation and creativity: Promoting an environment of fast-tracked decision-making and broader financial leverage, within which developments are planned, led, managed and implemented.

Responsiveness: To market forces, operating where it can make a difference, in locales and sectors where shareholders and their partners have a concentration of assets and expertise.

Results-driven and stakeholder-focused: With a 'user friendly' approach

Seeking to empower: Through progressive procurement and work practices

APPROVAL

Ms Sherylee Moonsamy Name & Surname Chief Financial Officer	 Signature	29/08/2019 Date of approval
Mr Douglas Cohen Name & Surname Acting Chief Executive Officer/MD	 Signature	29 Aug 2019 Date of approval
Mr Mongezi Ntanga Name & Surname Chairperson of the Board	 Signature	29/08/2019 Date of approval
Cllr Reuben Masango Name & Surname MMC: Development Planning	 Signature	29/08/2019 Date of approval

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ACRONYMS AND ABBREVIATIONS

ACRONYM	Definition
ARP	Alexandra Renewal Programme
BBBEE	Broad-Based Black Economic Empowerment
BRT	Bus Rapid Transit
CBD	Central Business District
CPC	Community Participation Consultant
CoJ	City of Johannesburg
EPWP	Expanded Public Works Programme
GDS	Growth and Development Strategy Joburg 2040
GMS	Growth Management Strategy
GRAP	Generally Recognised Accounting Practice
ICT	Information and Communication Technology
IT	Information Technology
King Code	King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key Performance Indicator
MFMA	Municipal Finance Management Act (2003)
MOE	Municipal Owned Entity
NMT	Non-Motorised Transit
SMME	Small, Medium and Micro Enterprise
TOD	Transit Orientated Development

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ABOUT THIS REPORT

SECTION 1: SCOPE

Since 2012, the Johannesburg Development Agency (JDA) has applied circular 63 of the Municipal Finance Management Act (MFMA) (2003), issued by the National Treasury in the preparation of its annual reports. The circular prescribes the content municipalities should cover in their annual reports. The 2018/19 integrated annual report provides all of the required data and tables.

To comply with local and international sustainable reporting best practice guidelines, the 2018/9 integrated annual report also takes into account financial, social and economic factors in reporting on the JDA's operations. The guidelines applied include:

- Reporting requirements as per the Municipal Finance Management Act No. 56 of 2003, Circular 63 (MFMA)
- The South African Statements of Generally Recognised Accounting Practice (GRAP)
- Section 46(1) of the Municipal Systems Act (2000).
- International Integrated Reporting Council's Integrated Report Framework (IIRC IRF)
- King Code of Governance for South Africa
- National Treasury Guidelines and Regulations
- The Batho Pele principles

The JDA's outcomes are aligned with those set out in the City of Johannesburg's 2016/17–2020/21 integrated development plan and the Joburg 2040 Growth and Development Strategy (GDS), the collective and shared vision for the future of Johannesburg.

SECTION 2: MATERIALITY

The JDA applies the principle of materiality to determine the nature, timing and extent of the disclosures in its annual reports. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term. Material issues are embedded into the company's processes in at least the following four ways that ensure efficiency and impact:

- Strategy: To feed into ongoing strategy development by highlighting rapidly emerging issues and enabling them to be factored into strategy development and possibly addressed as business opportunities, rather than ignored until they become business risks.
- Performance: To promote internal understanding of the link between environmental, social, and governance issues and business performance. The materiality determination provides a link between issue experts and strategic and operational managers.
- Stakeholder engagement: To provide a framework to design stakeholder engagement strategies and a powerful tool to help identify opportunities for dialogue and collaboration.

- Reporting: To determine the scope of reporting and other communications so that they are more strategically aligned and useful to external stakeholders.

TABLE 1: INTERNAL AND EXTERNAL CRITERIA WERE USED TO IDENTIFY MATERIAL ISSUES

Internal criteria	External criteria
Joburg 2040 GDS criteria and objectives	Emerging opportunities and challenges facing the JDA Changes in the socioeconomic development agenda and priorities of national and provincial government
Enterprise risk management process, including key risks affecting the JDA’s strategic and operational objectives and the associated mitigating activities.	Factors that may affect the JDA’s reputation and influence its ability to promote sustainable growth
The expectations and feedback of stakeholders such as residents, ratepayers, the business community, civil society, national and provincial government, neighbouring municipalities, and designated targeted groups.	The provisions of various frameworks, including the MFMA, section 46(1) of the Municipal Systems Act, King Code, the International Financial Reporting Standards, the Millennium Development Goals, and the broad-based black economic empowerment (BBBEE) code
The JDA’s mission, vision and values	
The JDA’s governance framework and policy environment	

SECTION 3: ASSURANCE STATEMENT

The JDA’s executive management, internal audit unit, and the Audit and Risk Committee have reviewed and assessed the entity’s integrated annual report for 2018/19 to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

TABLE 2: MINIMUM DISCLOSURE REQUIREMENTS

Integrated reporting framework	MFMA: Circular 63 annual reporting requirements
Ethical leadership and corporate citizenship	Chairperson’s foreword and executive summary
Boards and directors Board independence Board reporting Board’s performance Board committees Directors’ remuneration	Governance Governance structures Intergovernmental relations Public accountability participation Supply chain management, by-laws and oversight committees Risk management Anticorruption and fraud Disclosure of financial interests Councillors and committee
Audit and Risk Committee Finance competence Audit and Risk Committee performance	Service delivery
The governance of risk	Organisational development performance
Compliance with laws, codes, rules and standards	Financial performance
Internal audit Assessment of governance risk, management ethics and internal control processes	Appendices and annual financial statements
Governing stakeholder relationships	
Integrated reporting disclosure Financial disclosure Sustainability disclosure	

Integrated reporting framework	MFMA: Circular 63 annual reporting requirements
Integrated reporting philosophy	

The JDA will continue to refine its approach to reporting to further align it with international standards, and to strive to be consistent and accountable in its work to create sustainable value for all residents of Johannesburg.

SECTION 4: BOARD RESPONSIBILITY AND APPROVAL

The directors are responsible for the preparation, integrity and fair presentation of the financial statement of the entity. The financial statements presented in Chapter 5 have been prepared in accordance with Generally Recognised Accounting Practice and include amounts based on judgements and estimates made by management.

The directors are responsible for the preparation of the other information in the integrated annual report and are responsible for both its accuracy and consistency with the financial statements. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the entity will not be a going concern in the foreseeable future based on the forecast and available cash resources. Refer to the Directors' report in Chapter 5 with regard to the appropriateness of the going concern assumption for the preparation of the financial statements.

The financial statements were approved by the Board of Directors on 29th November 2019 and signed on its behalf by Mr. M Ntanga (Chairperson)



Mr Mongezi Ntanga
Chairperson of the Board

CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

SECTION 1: FOREWORD BY MEMBER OF THE MAYORAL COMMITTEE

As the MMC of Development Planning in the City of Johannesburg, I am also proudly responsible for the Johannesburg Development Agency (or JDA). The JDA provides the essential area-based facilitation and project implementation services required by the City to ensure the delivery on long-term spatial and economic goals set out in the 2040 – the City’s Growth and Development Strategy

The City of Johannesburg has developed a growth and development strategy to take us into 2040. It is a strategy that not only provides a vision of the future but importantly, defines clear outcomes against which to measure progress.

This strategy is central to the work of JDA, in particular, the agency is led by the 2040 strategy’s ideals of resilience, liveability and sustainability. This is driven by the conviction that a resilient city is flexible and strong enough to solve complex and unanticipated problems.

Emphasis is placed on harnessing project implementation to increase economic growth and implement Broad-Based Black Economic Empowerment, creating jobs and economic opportunities for disadvantaged communities and businesses

Due to the nature of its work, the JDA in the main supports the two key priorities as defined by the Mayoral Priorities 2016-2021, namely “Priority 1: To promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty”; and “Priority 2: To ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress”.

In 2018/19, the JDA objectives responded to the Mayoral Priorities several ways. Firstly, by focusing particularly in the urban regeneration of key economic nodes in and around the Inner City, in Roodepoort, Lenasia and in Jabulani. Secondly, playing an active role in the more marginalised areas including Diepsloot, Alexandra, Ivory Park, Noordgesig and Westbury. Secondly through the efficient and effective delivery of infrastructure projects, including the continued roll-out of the Rea Vaya BRT infrastructure and the promotion of green building technologies such as solar water heating, efficient lighting and sustainable urban drainage systems in its designs and projects. Thirdly, by promoting economic empowerment and transformation, by targeting 30% of the value of all construction contracts for local SMMEs as well as to try and optimise the number of local construction jobs created. Finally, the JDA follows a strong facilitation and partnership role by working with local and governmental stakeholders to co-produce solutions and develop a shared vision for sustainable development implementation.

Meaningful Engagement and Participation

The JDA always seeks to engage the public in a meaningful way at every stage of development. This includes doing public participation in the planning stage, consultations with communities and affected parties during the design stage, and value-adding activities involving community members in projects such as the peoples’ history, heritage exhibitions and public art projects that tell the story of the neighbourhood. Methods of engaging with local stakeholder communities also need to evolve to the responding needs and lifestyles of city users in the 21st century. Conventional methods must be enhanced by the use of social media platforms,



*Cllr. Reuben Masango
MMC Development Planning*

electronic communication and other more engaging and relevant forms of sharing knowledge and ideas between professional teams and local communities. To this end, the JDA strives to enable the City to make sure all stakeholders understand, support and develop buy-in and ownership of each City project.

In 2018/19 the JDA demonstrated its commitment to co-production with communities in various initiatives, i.e. the #JoziWalks 2019 and Our City Our Block Phase II to name a few.

Infrastructure delivery

The JDA implemented capital projects in 2018/19 to the value of R1.043 billion. This translates into over R86 million being spent on average per month. This has taken JDA’s capital expenditure over the past 7 years to over R7 billion. However, decreases in the three-year budget estimates over the MTEF indicate that the JDA will have to work smarter to ensure that it sustains both the project implementation as well as the socio-economic outcomes in the communities it operates in.

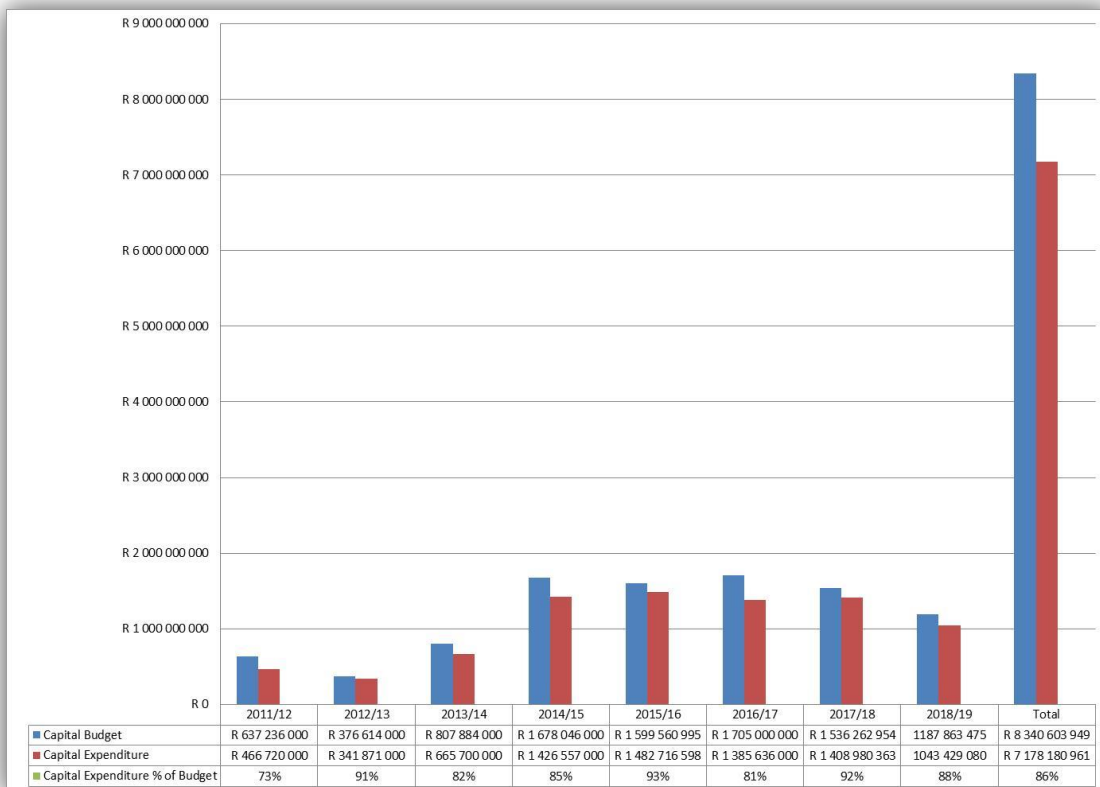


FIGURE 1: JDA’S CAPITAL BUDGET / CAPITAL EXPENDITURE 2011/12 - 2018/19

Tribute to Mr Christo Botes

The 2018/19 was not without tragedy. The late chief executive officer (CEO) of the Johannesburg Development Agency (JDA), Christo Botes passed away in April 2019. Christo was an asset to the City of Joburg and showed endless dedication and commitment through his work. He served as the ward councillor for Ward 102 between 2000 and 2005 and was instrumental in the establishment of the Randburg Central Improvement District (CID). His passion and vast knowledge in area-based development have made a significant contribution to the

rejuvenation of the entire city. Not only was he a great friend and mentor to many, but Christo also had been a valued member of the JDA team - even before his appointment as the CEO in 2018.

Future outlook for JDA

A foremost goal of urban development in the transformation of South African cities remains the need to address spatial and systemic inequalities. Striving for a more equitable and just city would result in access to a greater range of opportunities, jobs, livelihood opportunities and services to all of its citizens. Johannesburg, like other South African cities, is changing rapidly and, sometimes, in unpredictable ways. This rapid urbanisation in the City brings with it both challenges and opportunities for urban development. The goal would be to advantage and unlock the urban dividend. As stated in the 2016 Integrated Urban Development Framework (IUDF), the 'urban dividend' describes an optimal situation where the increasing concentration of an economically active population translates into higher levels of economic activity, greater productivity and higher rates of growth. The potential of urban areas is maximised with the alignment and the integration of investments in the following primary drivers of urban development:

- Transportation (public modes and roads);
- Human settlements;
- Infrastructure networks comprising social, economic and ecological infrastructure; and
- Various land-use regulations and effective governance that underpin all of the above.

As the City of Joburg, it is our responsibility to use our policies, resources and institutions such as the JDA to bring about the necessary integration and focus, in key areas and unlock the 'urban dividend'. Given this context, it is important that in 2019/20 the JDA, as the implementer of strategic City projects, continues to both deepen its efforts as well as catalyse new development that supports the spatial transformation of the City of Johannesburg. JDA must continue to make strides in place-making and the development of key infrastructure. We have placed high expectations and trust in the role JDA plays in the TOD Corridors, as well as other priority development areas across the City.

I would like to commend the executive team and Board for their constant and valuable inputs and their stewardship of the JDA.

Cllr Reuben Masango

Member of the Mayoral Committee for Development Planning

SECTION 2: BOARD CHAIRPERSON'S FOREWORD

As we consider the results for 2018/19, I commend the JDA team for spending 88% of their capital budget.

While this is an impressive achievement in itself, we are also confident that the JDA can do even more to exceed its targets related to urban development and capital expenditure. For example, more needs to be done to ensure the projects and especially the land identified is ready for capital implementation. This is in addition to ensuring that all the necessary project management and performance management practices are strictly monitored and enforced.

Secondly, while various innovative approaches to stakeholder engagement and public participation continue, there remains an increasing resistance in the form of stoppages or protests on JDA projects from communities for various reasons. These delay project implementation and negatively impact the JDA's performance.



*Mr Mongezi Ntanga
JDA Chairperson*

In 2018/19 the JDA capacitated an internal own stakeholder engagement unit with three stakeholder engagement officers. I am encouraged that greater resources and capacity are being channelled into the Stakeholder Management Unit, however, what is clear is that the JDA will also require greater political support JDA from the Shareholder when dealing with often complex socio-economic issues affecting communities.

One of the key strategic objectives of the JDA is the promotion of economic empowerment through the structuring and procurement of JDA developments. This remains an area where the organisation must lead the transformation agenda in 2019/20. This specifically relates to BBBEE and SMME expenditure. Here the Board is expecting more from the organisation towards labour-intensive construction, with specific work packages for SMMEs and Co-ops, more effective contracting and contract management that ensures sustainability through meaningful enterprise development for both new and emerging contractors.

Implications for the JDA of the Local Economic Conditions

We must also use the opportunity to reflect on significant external factors impacting on the organisation, the organisation's performance, and where possible, take note of any relationship between the two.

For one, the civil construction sector is regarded to be in recession with a consistent two to three years of negative growth in terms of gross domestic product. This has particularly affected the larger construction companies, two of which, Basil Read and Group Five entered business rescue, resulting in additional cost and time delays to the Kazerne and Selby Phase 2b projects during this period. However, while the downturn in large scale project has impacted the larger construction companies, there also has been an increase in smaller and medium-sized contractors taking up the work the bigger contractors once were taking. This should be regarded as a potential opportunity for the JDA, by separating larger projects into smaller pieces for new and emerging contractors.

Board Governance

The JDA is instrumental in supporting the City achieve the spatial and economic goals set out in the GDS 2040, the SDF and the Mayoral priorities. Therefore throughout the 2018/19 financial year, the Board has worked closely with City of Johannesburg and management to address various operational inefficiencies which have hampered the delivery capacity and performance of the JDA.

There were also changes to the JDA Board from the previous year as announced at the Annual General Meeting in April 2018. The following Non-Executive Directors were re-elected:

- Mr Arron Steyn, Mr Krishna Govender and Mr Panos Zagaretos.

The following Non-Executive Directors were newly elected:

- Mr Mongezi Ntanga (Chairperson), Mr Tiyani Sambo, Dr Geci Karuri-Sebina, Ms Stieneke Jensma and Mr Edgar Peters.

The following Independent Audit and Risk Committee members were reappointed:

- Ms Keabetswe Onouka and Mr Zukisani Samsam.

The following Independent Audit and Risk Committee member was newly appointed:

- Mr Kantharuben Moodley.

I would also like to use this platform to thank all the Non-Executive Directors and Independent Audit and Risk Committee members who gave their time, energy and effort in ensuring that good governance looked beyond the audits and the boardroom and focused on ensuring the tangible outputs that transform the lives of the residents of Johannesburg. We are working closely with the Shareholder, the acting CEO and management team, to ensure the various senior vacant or acting positions are being replaced with permanent appointments. As the Board we shall continue to guide and support the organisation to accelerate its implementation of City's spatial and economic goals set out in the Joburg 2040 GDS as well as in the nine priorities, that guide the City of Joburg, as captured the City's annual 2019/20 IDP.

Going into the 2019/20 financial year, the JDA Board is focused on ensuring that the JDA remains a sustainable, relevant and efficient entity of the City. The Board will continue to monitor the performance outcomes stemming from the improved operational structures, processes and systems as developed by management.



Mr Mongezi Ntanga
Chairperson of the Board

SECTION 3: ACTING CHIEF EXECUTIVE OFFICER'S REPORT

It is with much sadness that the JDA suffered the loss of its CEO, Mr Christo Botes, in May of the 2018/19 financial year.

Christo was a dedicated public servant and passionate about the urban agenda and especially Joburg.

As part of the executive of the JDA as its leader, his aimed to create an environment in which innovative ideas will happen.

His contribution to the JDA and in Building a Better City will not be forgotten.

RIP

Christo Botes

7 May 1962 - 30 April 2019



*Mural including the Late Mr Christo Botes
(S-Bend Wall Mural)*

Reflecting on the JDA's 2018/19 performance in light of the service delivery agreement, the JDA ended the 2018/19 financial year having spent 88% of its total capital budget. This reflects a considerable effort especially towards the end of the financial year.

The Johannesburg Development Agency (JDA) implemented just 90 capital projects across four programmes in the 2018/2019 financial year, and it proudly continues to support the City in transforming the spatial economy.

The major driver of the JDA's capital expenditure was from Public Infrastructure Delivery (Programme 3). This programme specifically deals with the large construction works that are being undertaken on the Rea Vaya trunk routes along Louis Botha Avenue.



*Mr Douglas Cohen
JDA Acting CEO*

It further includes projects to install pedestrian and non-motorised transport (NMT) infrastructure that serves to connect commuters with the Rea Vaya BRT system and commuter rail services. Programme 3 includes a managed portfolio of projects in the city's more marginalised areas, including internal roads and storm-water infrastructure in Braamfischerville for the Department of Housing, the Lehae Multi-purpose Centre for the Department of Community Development through to a range of clinics for the Department of Health. The JDA itself began a new cycle of planning in preparation for projects in Diepsloot where the JDA has worked for many years.

The Strategic Economic Node Programme (Programme 2) has encouraged the optimal development of transit hubs and corridors across the city. The JDA projects in Transit-Oriented Development Corridors, such as Jabulani, the developments in Orange Grove / Paterson Park, and Rotunda / Turffontein, have laid a solid foundation for these nodes to not only provide affordable accommodation and transport opportunities, but to also emerge as desirable and highly liveable neighbourhoods with vibrant public spaces and good community services.

The renewed focus on the Johannesburg inner city as a Mayoral Priority is strongly aligned with JDA's Inner City Programme (Programme 1). This programme serves to strengthen the position of the inner city as a critical business and residential node and the primary gateway to transit networks for the city. It has delivered both large iconic projects such as the Johannesburg International Transport Interchange (JITI) facility on the western side of Park Station as well as through more localised neighbourhood projects in the Inner City Core and the Eastern Gateway precinct. In 2018/19 the JDA also began a new planning cycle for areas in and around Gandhi Square and Yeoville as part of the Our City, Our Block initiative. Some exciting developments are expected in both of these areas in the following years.

The Alexandra Renewal Programme (Programme 4) has played its role in the development of Alexandra through capital investments, overseeing integrated investments by other departments and entities, and facilitating community-based initiatives and local economic development strategies. Most of the JDA's projects in Alexandra focused on community and social infrastructure and includes, for example, the Alex Automotive Hub and the 4th Avenue clinic. Various projects in Alexandra, such as the Safe Hub and the Alex Hospice will continue into the 2019/20 financial year.

Reflecting on the previous year at the JDA, the following are the highlights:

- Obtaining a Clean Audit Opinion from the Auditor-General for the 2017/18 year
- In terms of the financial position, the organisation's total assets exceeded the total liabilities. The total net assets at 30 June 2019 were R69 036 706 (2018: R68 330 868). The net assets include accumulated reserves of R52 759 082 (2018: R52 053 244).
- In the year under review development management fees, the main income source for the JDA, accounted for 60% of the revenue earned compared to 70% in the previous financial year. This was largely due to the capital expenditure achieved in the current year against the target which was 88% as compared to 92% from the prior year.
- The time and effort by our Development Facilitation Unit resulting in greater coordination across city departments and entities and private sector interests in and around the JDA's developments in both the Inner City and along the TOD Development Corridors.
- Greater stakeholder engagements, through co-creation initiatives in Our City, Our Block and place-making projects such as #Joziwalks and #ArtMyJozi have played a meaningful role in shaping the outcomes and greater community custodianship of future developments.
- Most of the NMT projects are being implemented by small construction companies, which mean that infrastructure spending is also benefiting local businesses and creating local job opportunities.

The 2018/19 year was however not without its challenges:

- In the period under review, several JDA projects were delayed as a result of community issues. Projects were delayed or even shut down in the event of disputes between SMMEs onsite or from other not appointed. In other cases, issues beyond the project itself but affecting the community can cause project delays. The financial impact of SMME or Community disputes translates into a potential loss of 5% of total expenditure. Where necessary the JDA sought assistance in such matters from the Regional Director, the Department of Development Planning, the Office of the Speaker of Council and where necessary the Johannesburg Metropolitan Police Department. Our aim is for solutions to be implemented that will limit the impact of community unrest during project implementation.
- Delays in the finalisation of the agreement regarding the Post Office land have impacted on the Kazerne Intermodal Public Transport Facility, now called the Johannesburg International Transport Interchange (JITI). Although the construction is underway there is not as yet finalization of the

agreement regarding the Post Office portion of land which forms part of the JITI development. The matter is sitting with JPC to expropriate the land.

- Basil Read, the main contractor on the JITI project, and Group Five the appointed contractor on Selby Phase 2b Depot entered into voluntary business rescue, as provided for by Section 129 of the Companies Act. The JDA was forced to appoint new contractors to ensure that implementation of these facilities continues.
- The JDA had to terminate the contract of the non-performing main contractor on some projects, including Florida Clinic and Braamfischerville. This has both resulted in serious delays on these projects and has put pressure on the available funding to complete as much as possible within the financial year.
- There was a fatality by a public member on-site in the project Soweto Stations NMT Links: Merafe. It was reported that a body of the deceased was found on-site on Sunday, June 02, 2019. The incident was reported to the Johannesburg Development Agency on Monday, June 03, 2019 by the Lead Engineer. The Department of Labour was also notified. While the investigation was carrying on the unaffected portion of the site was reopened on Friday, Jun 14, 2019 for the contractor to resume duties. On Tuesday, June 25 2019, the JDA received a correspondence from the Department of Labour advising that they were no contraventions by the contractor meaning all the safety measures were followed by the contractor on-site concerning the incident.
- Various factors hampered the JDA to successfully implement projects which, in turn, has a material impact on the JDA capex expenditure. A factor worth highlighting is the project readiness of projects the JDA accepts. Projects are not implementable if the scope, land, planning permissions, technical studies and community acceptance are not in place, to name a few. The financial impact of project readiness not being in place translates into a potential loss of 5% of total expenditure

Risk identification and assessment is an on-going process. The JDA conducts annual strategic and operational risk assessment workshops. This process is supported by an on-going risk management process at departmental level and all employees are required to take ownership of risks that fall within their respective areas of responsibilities. In 2018/19 from the eight strategic risks, management identified five critical risks that required urgent attention and close monitoring. These risks are ranked highly per the residual risks rating and pose significant threat to the business of the JDA. The critical risks and mitigations identified were:

- Failure to deliver capital projects on time and within budget. In 2018/19 the JDA implemented a project readiness assessment on all projects, to ensure that they were ready for implementation
- Inability to ensure financial sustainability. In 2018/19 the JDA through the Office of MMC and CoJ COO, increased its management fee from 5% to 7.5% for some of the client departments.
- Failure to adequately manage stakeholder expectations. In 2018/19 the JDA capacitated the Stakeholder unit, and assigned a stakeholder officer to each project before implementation.
- Ineffective management systems and processes. In 2018/19 the JDA re-established various coordinating structures such as an IT Steering Committee, Development Forum and an Operation Clean Audit Committee.

I am confident that the agency’s capacity to implement projects is clearly shown in its key performance metrics as outlined in the table below.

TABLE 3: PERFORMANCE OF THE JDA OVER THE PAST EIGHT YEARS

Key Performance Indicator	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Number of Projects in the Implementation Phases	15	18	59	98	91	105	93	90
Number of Employees	50	55	61	86	87	96	87	87
SMME Share of expenditure	R 9 500 000	R 8 600 000	R 266 788 408	R 390 342 000	R 228 748 457	R 417 322 240	R 281 484 204	R 293 343 187
BBBEE share of expenditure	R 395 218 496	R 310 200 000	R 952 029 254	R 1 466 054 000	R 1 275 963 352	R 1 376 164 339	R 1 212 362 509	R 1 079 203 801
Operating Budget	R 49 000 000	R 46 000 000	R 62 200 000	R 88 853 200	R 105 185 000	R 104 555 000	R 106 079 000	R 129 186 000
Operating Expenditure	R 43 491 000	R 50 746 000	R 57 400 000	R 76 400 000	R 102 083 310	R 94 536 621	R 87 455 879	R 100 053 000
Capital Budget	R 637 236 000	R 376 614 000	R 807 884 000	R 1 678 046 000	R 1 599 560 995	R 1 705 000 000	R 1 536 262 954	R 1 187 863 475
Capital Expenditure	R 466 720 000	R 341 871 000	R 665 700 000	R 1 426 557 000	R 1 482 716 598	R 1 385 636 000	R 1 408 980 363	R 1 043 429 080
No. of EPWP Work Opportunities	3571	2737	1741	9611	1219	1262	866	493
Number Media Releases Marketing Projects	N/A	N/A	N/A	N/A	N/A	75	160	392

I am encouraged by JDA’s ability to deal with the unprecedented challenges which we had to face in 2018/19, and still be able to deliver on the JDA’s mandate from its shareholder. This is particularly achievable because of dedicated teams of employees, and consultants’, working on the JDA’s various developments.

Given the complex nature of urban development I believe there will always remain a mandate for a well capacitated and innovative local development agency that delivers a lasting legacy for the citizens of Johannesburg. I would like to take a moment to also thank the MMC: Development Planning, Councillor Reuben Masango and the Executive Director of the Department of Development Planning Ms. Amolemo Mothoagae for the key roles they play in guiding our work. Their enthusiasm for our work and their detailed inputs are greatly appreciated.

Thanks also to all City Departments and entities with which we are privileged to work. My thanks to our attentive and highly skilled Chairperson and all the members of the Board of Directors. We deeply value their support, guidance and work in ensuring that we meet our exacting mandate.

Finally, thanks to all the staff of the JDA for the tremendous effort of the past year. In our organisation, more than most, our staff members are our key asset, and I am grateful for the deep level of commitment that staff has displayed throughout the year.



Mr Douglas Cohen
Acting Chief Executive Officer

SECTION 4: CHIEF FINANCIAL OFFICER'S REPORT

The office of the Chief Financial Officer was responsible for two functional areas Finance and Supply Chain Management.

Through the operation of these divisions we served to integrate the business into a cohesive unit in servicing both our internal and external stakeholders and surpassing some of our targets.

Actual deficit before taxation of R352k (2018: R898k deficit) was recorded against a balanced operational budget. The impact of the deferred tax adjustment of R1 million (2018: R3.3 million) resulted in a net surplus of R705k million (R2018: R4.2 million deficit) for the year under review.

The organisation achieved 90% (2018: 93%) of the budgeted revenue and 91% (2018: 94%) of the budgeted operational expenditure.

The organisation's total assets exceeded the total liabilities. The total net assets at 30 June 2019 were R69 036 706 (2018: R68 330 868). The net assets include accumulated reserves of R52 759 082 (2018: R52 053 244).

In the year under review development management fees, the main income source for the JDA, accounted for 60% of the revenue earned compared to 70% in the previous financial year. This was largely due to the capital expenditure achieved in the current year against the target which was 88% as compared to 92% from the prior year.. The challenge, however, remains being able to fully implement the projects, spend the allocated capital budgets to earn the development management fees. This feat will be achieved through amongst others, a combination of adequate capacitation of the organisation with the correct skilled individuals as well as proper planning of projects. The JDA has not managed to achieve this over the last few years due to a number of various factors, most of which are external factors that affect the progress of projects on site. In the current financial year, the JDA had significant budget cuts across all the capital projects which would have out significant financial pressure on the JDA to break-even as our revenue is generated from these budgets. In order to alleviate some of this pressure, during the current, the JDA Board had approved the overall increase of the JDA management fee that is generally charged on the capital expenditure across all client departments except for transportation from 5% to 7.5%. However, the ability of the JDA to complete the allocated projects and within budget remains the main priority going into the new financial year.

The organisation's ability to generate revenue is almost entirely dependent on its ability to spend the capital budget allocated, that is its own capital as well as capital implemented on behalf of other departments and entities. With indications from CoJ Budget Office pointing towards a declining operational subsidy, the reliance on management fees generated from spending allocated capex budget to cover operational expenditure is becoming a reality the organisation must live with.

To achieve a break even position does not only require focusing on generating the revenue but it also requires the continuous monitoring of operational costs. Simply put, costs have to be monitored to the extent that at any given point the revenue being generated is sufficient to cover the operational costs. Approved procurement plans and the implementation thereof must be monitored closely throughout the year against targets set. The mid-year adjustment budget process is to be used as an effective tool to consider the following:



*Ms Sherylee Moonsamy
Chief Financial Officer*

- Organisation's position regarding revenue already generated,
- The realistic capital to be spent from the unspent allocated budget,
- Organisation's ability to generate sufficient revenue to cover the operational expenditure incurred and committed,
- Measures to be implemented to align the operational expenditure with the realistic revenue to be generated.

As at 30 June 2019 the organisation had capital commitments of R1.3 billion. These are multi-year contracts awarded and contractors & professional teams appointed for which expenditure has been incurred in part or is still to be incurred. These awards were made after the normal supply chain management processes had been followed. Such an order book means the organisation is poised to start the first quarter of 2019/20 financial year with some contracts already in the construction phase and this is likely to improve the first quarter expenditure levels.

Throughout the financial year the JDA's Internal Audit conducted various audits including but not limited to the Financial Discipline and Supply Chain Management Reviews to assist management in improving the organisation's internal control environment and will assist in maintaining a clean audit for the year ended 30 June 2019.



Ms Sherylee Moonsamy CA (SA)
Chief Financial Officer

SECTION 5: CORPORATE PROFILE AND OVERVIEW

The JDA was established by the City of Johannesburg (CoJ) in April 2001 to initiate, stimulate and support development projects and rejuvenate economic activity throughout Johannesburg. The agency initially focused on applying economic development strategies to regenerate underperforming neighbourhoods, mostly in the inner city. However, this has evolved to focusing on transforming Johannesburg into a resilient, sustainable and liveable city by developing transit nodes and corridors.

5.1 Vision¹

Building a more welcoming, competitive and resilient Johannesburg that is a better city to live, work and play in.

5.2 Mission²

To plan, implement, manage and facilitate area-based developments in efficient, equitable, sustainable and innovative ways

5.3 Values

The key values that inform the work and approach of the JDA are:

- **Accountability:** To its shareholders, Board and key stakeholders
- **Innovation and creativity:** Promoting an environment of fast-tracked decision-making and broader financial leverage, within which developments are planned, led, managed and implemented.
- **Responsiveness:** To market forces, operating where it can make a difference, in locales and sectors where shareholders and their partners have a concentration of assets and expertise.
- **Results-driven and stakeholder-focused:** With a 'user friendly' approach
- **Seeking to empower:** Through progressive procurement and work practices

Outcomes and challenges

The JDA's evolution into an area-based development agency has prepared it to respond to the objectives as outlined in the GDS. Under this model, the JDA takes on a more central role in developing strategic capital works projects and establishing urban management partnerships. Crucially, the model allows the JDA to mobilise development partners and other stakeholders to sustainably achieve the common economic and social objectives defined for each area. However, given the spatial, socioeconomic and political environment in which the JDA operates, there are challenges that affect area-based development and the JDA's ability to facilitate common economic and social objectives, i.e. the focus on developing resilient, sustainable, inclusive and liveable urban areas in identified nodes and corridors.

¹ The Vision Statement focuses on the future; it is a source of inspiration and motivation. Often it describes not just the future of the organisation but the future of the industry or society in which the organization hopes to effect change.

² The mission statement describes what the JDA wants to do now a vision statement outlines what the JDA wants to be in the future. The Mission Statement concentrates on the present; it defines the customer(s), critical processes and it informs you about the desired level of performance.

Political governance and accountability

The JDA is accountable to the Department of Development Planning and the Member of the Mayoral Committee for Development Planning, who exercises political oversight and to whom the JDA submits compliance reports in respect of its performance scorecard.

The JDA relies on the Department of Development Planning for direction on its contractual obligations contained in the service delivery agreement, and on the Member of the Mayoral Committee for its political mandate and oversight. The Group Governance unit provides corporate governance and related support, including financial sustainability and compliance reporting and review

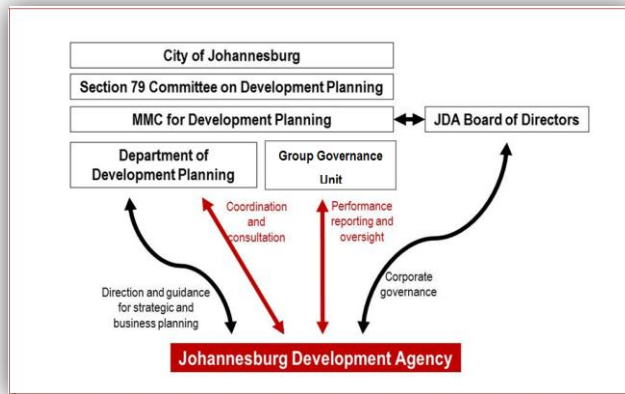


FIGURE 2: JDA GOVERNANCE SYSTEM

The Council’s Portfolio Committee on Development Planning provides political oversight of the JDA’s activities and functions. The JDA also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of the other departments and entities mandated with spatial transformation and economic growth of the city is integrated and coordinated. The JDA’s management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and engages with client departments in the design and construction of infrastructure assets.

SECTION 6: STRATEGIC GOALS AND OBJECTIVES

The JDA's primary purpose is to promote resilient city strategies by restructuring the urban spatial logic of the city. The JDA's current business plan represents a spatial response to specific Priority Transformation Areas as outlined in the 2015/16 Spatial Development Framework.

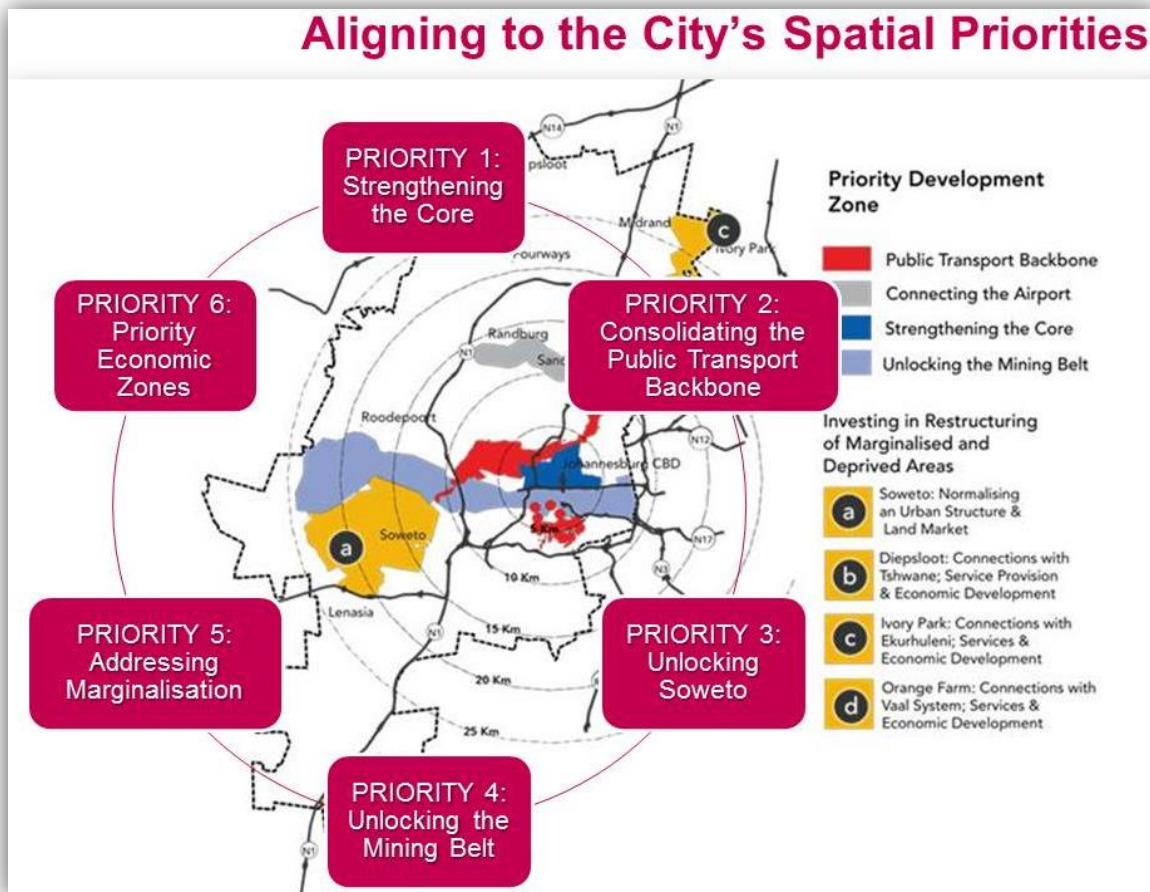


FIGURE 3: SDF 2040 PRIORITY AREAS

The JDA has set itself the following strategic goals (long-term) strategic objectives (medium-term) and five practices and services (short-term) which are aligned with the Joburg 2040 GDS and the economic cluster's plans for sustainable services and economic growth.

TABLE 4: STRATEGIC GOALS (LONG-TERM)

Five Underlying Goal	
Catalyse growth and investment	Catalysing growth in areas with latent investment potential. Catalytic intervention and strategic capital investments in areas that have been previously marginalised or have failed to attract private investment can unlock development potential, stimulate local economies and boost job creation and entrepreneurial development.
Create great places	Creating robust democratic public spaces ³ that give dignity and choice to city users. As urban densities continue to rise, the public spaces in cities are becoming

³ Democratization is undoubtedly an uneven process and the transformations in the urban space and in the public sphere in general bear the marks of this unevenness and the various contradictions and perversities they generate (<http://www.publicspace.org/en/text-library/eng/a015-democracy-and-enclosed-spaces-from-social-movements-to-fortified-enclaves-to-hip-hop-in-s-o-paulo>)

Five Underlying Goal	
	increasingly important for meeting citizens’ social needs. The quality of space is just as important as the quantity. Given the increasing demand for open space, public spaces need to be creatively designed, moving towards greater adaptability and multiplicity of use to ensure their longer-term sustainability.
Connect people to opportunities	Connecting people with opportunities to live, work, play, learn, and be healthy in the city. Efficient mass public transport networks and connections, transit-oriented multi-use precincts, together with strategic land-use planning and zoning regimes, are essential in realising these connections.
Co-produce solutions	Co-producing solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. This is an essential component of development intervention in cities. Since 1994, the state has made concerted efforts to engage communities in the development of local solutions. Unfortunately this has not always been successful and often simply takes the form of decision-makers telling communities about their strategies. A more responsible and effective approach is to work with local stakeholders to produce solutions, drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship.
Continually improve	Underpinning all the strategic goals, there is the need for the JDA to run as efficiently, effectively and as economically as possible.

To ensure that the JDA is best positioned to respond to the spatial development priorities, the JDA has set itself the following four objectives.

TABLE 5: OBJECTIVES (MEDIUM-TERM)

Objectives
1. To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects
2. To support the growth and development of strategic economic nodes into high-quality, investor friendly and sustainable urban environments
3. To promote economic empowerment and transformation through the structuring and procurement of JDA developments
4. To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.

The JDA coordinates its area-based development practices and services for catalytic interventions on behalf of the Department of Development Planning and with other client departments.

TABLE 6: PRACTICES AND SERVICES (SHORT-TERM)

Four Strategic Objectives
a) Development identification and project packaging - Identifying strategic opportunities to respond to the CoJ’s focus area by bringing together all relevant stakeholders and parties to the initiative, and developing an implementation plan.
b) Development and project facilitation and co-ordination - Working with various stakeholders and parties to ensure that they are undertaking their roles as expected and required.
c) Overall development implementation involving capital developments - In ensuring that the development is implemented as planned, JDA may oversee specific project management functions within a development, while retaining overall accountability as a development manager. Through local beneficiation, in terms of small, medium and micro enterprise (SMME) and entrepreneurial support, the JDA aims to increase the number of local emerging contractors used in capital projects carried out in the various communities, as well as the number of local construction jobs created.
d) Post implementation support and sustainability - Complement any capital development or investment

Four Strategic Objectives
with urban management initiatives and models.
e) Impact Assessment / monitoring and evaluation -Analyse, review and quantify private sector investment in various JDA intervention areas, and assess the socio-economic impact of these interventions. This is achieved through, among others, analyses of property market trends and factors that influence investor interest in JDA development areas. Value for money assessment

The JDA has aligned the main elements of our work and highlights the flow between them:



FIGURE 4: DEVELOPMENT PROCESS / LIFECYCLE

SECTION 7: THE JDA'S VALUE CREATION PROCESS

The following three diagrams below unpack the JDA's value creation process to illustrate how:

- The JDA's various inputs (i.e. financial, manufacturing, human, intellectual) are transformed into financial returns as well as non-financial sustainability outcomes.
- The JDA has aligned its activities and efforts to achieve expected results by structuring the main elements of our work.

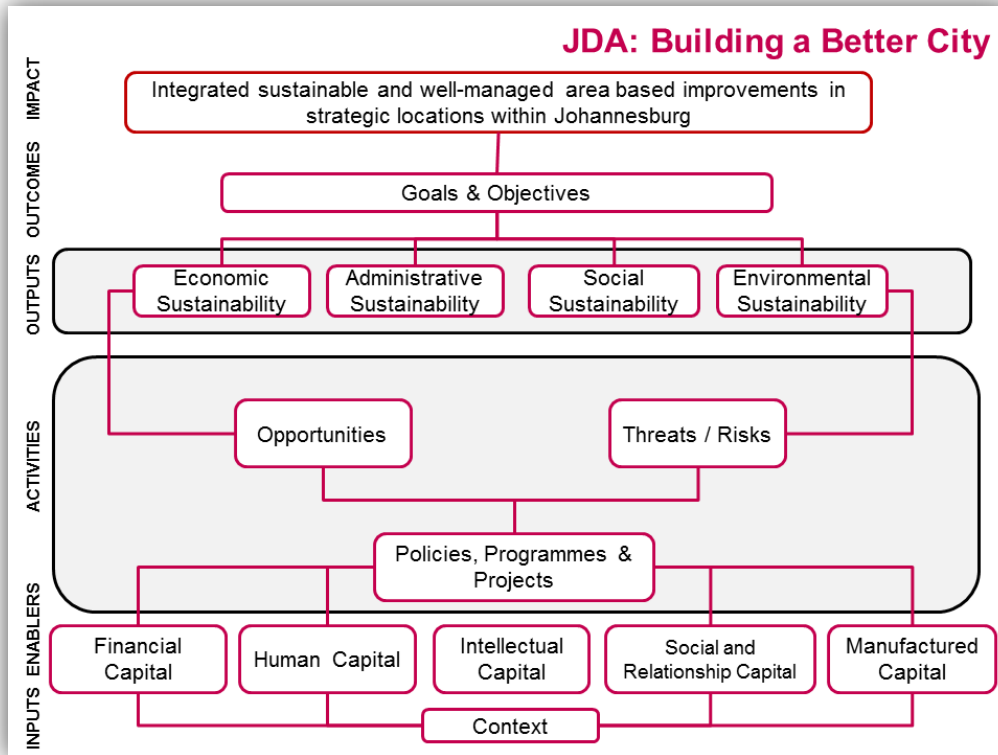


FIGURE 5: JDA'S VALUE CREATION PROCESS – LEVEL I

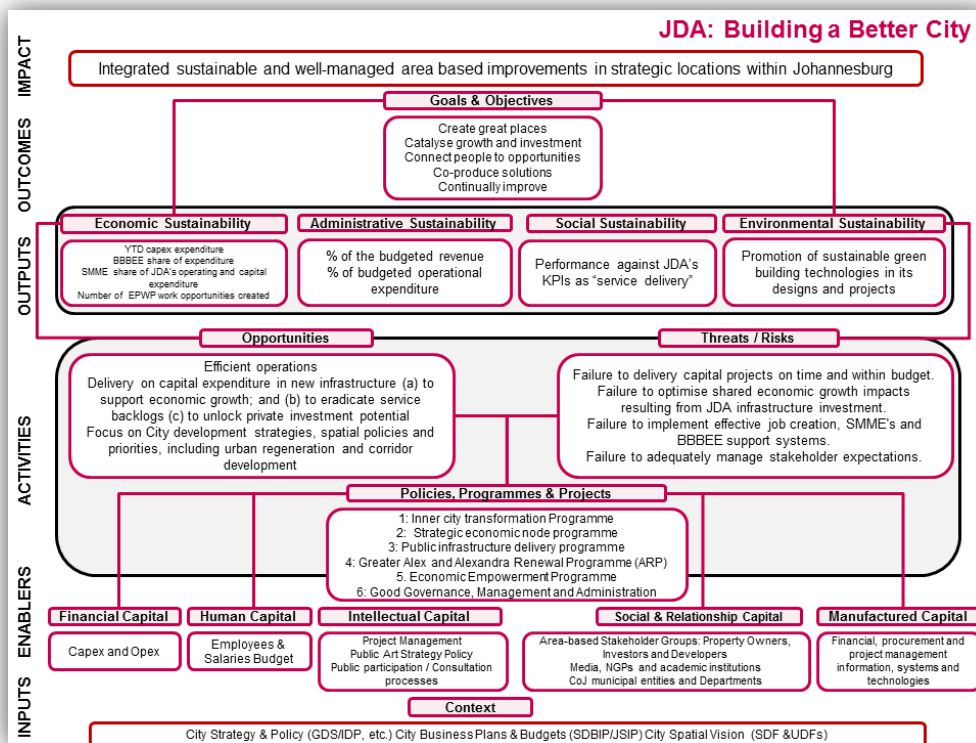


FIGURE 6: JDA'S VALUE CREATION PROCESS – LEVEL II

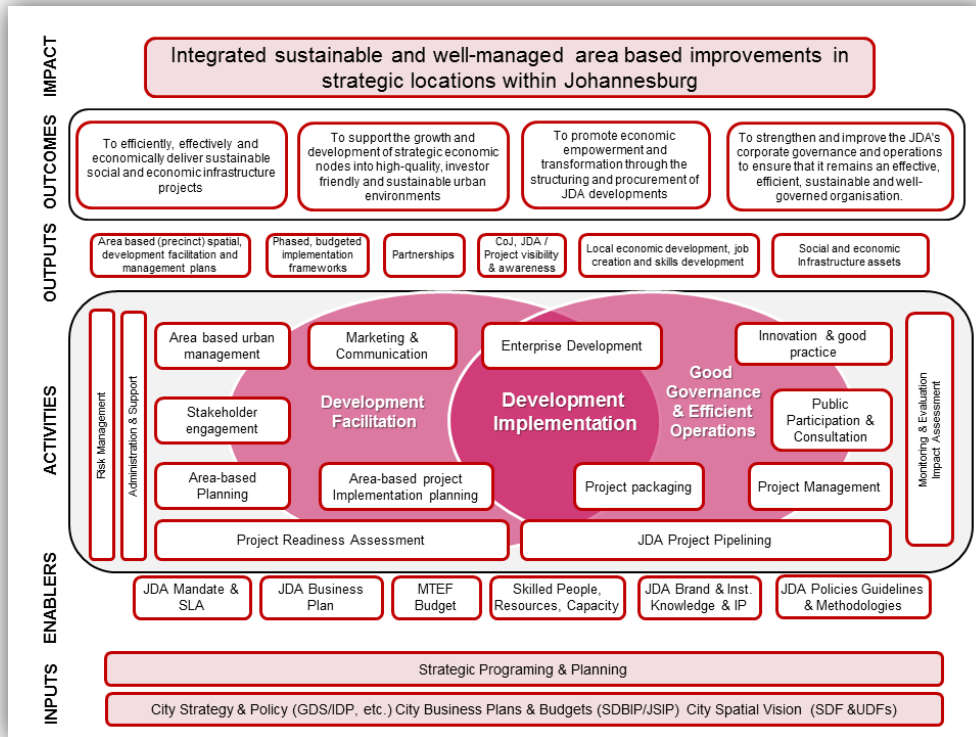


FIGURE 7: JDA'S VALUE CREATION PROCESS – LEVEL III

CHAPTER 2: CORPORATE GOVERNANCE

SECTION 1: CORPORATE GOVERNANCE STATEMENT

Governance Framework

The JDA recognises that conducting its affairs with integrity will ensure that the public and its parent municipality, the CoJ Metropolitan Municipality, have confidence in its work. To that end the JDA's Board of Directors and executive management team subscribe to the governance principles set out in the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, circular 63 of the MFMA and the King Code.

The Board also actively reviews and enhances the systems of internal control and governance procedures in place to ensure that the JDA is managed ethically and within prudently determined risk parameters. During the period under review, the Board conducted assessments to ensure that the JDA complied with the requirements of the Companies Act, the Municipal Systems Act and the MFMA.

JDA's Governance Arrangements

The JDA is accountable to the Department of Development Planning, which provides direction on contractual obligations and to the Member of the Mayoral Committee for Development Planning, who exercises political oversight. The JDA also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of departments and entities responsible for the city's spatial transformation and economic growth is integrated and coordinated. The Council's Section 79 Portfolio Committee on Development Planning provides political oversight of the JDA's activities and functions.

The JDA must perform according to a service delivery agreement and performance objectives set by the City of Johannesburg.

The JDA's management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and engages with client departments in the design and construction of infrastructure assets.

The Legislative framework

The legislative framework for municipal entities came into effect through amendments to the Municipal Systems Act (MSA) and the passing of the Municipal Finance Management Act (MFMA). The new provisions of the MSA, including Chapter 8A, came into effect on 1 August 2004. The bulk of the provisions of the MFMA took effect on 1 July 2004 with some transitional provisions based on municipal capacity. The MSA defines three types of entities that may be established by a municipality with effect from 1 August 2004, namely private company, service utility or multi-jurisdictional service utility. Before the MSA and MFMA requirements took effect, municipalities used various arrangements to deliver services and manage functions. These included trusts, section 21 companies and private companies. In view of the legislative framework, municipalities are required to review these structures and either convert them to an entity or disestablish them if they are no longer required. A review would cover such things as the appropriateness of governance structures to provide effective municipal oversight, accountability and transparency.

Implementation of King Codes of Corporate Governance

The Board and management team are committed to the principles of openness, integrity and accountability advocated by the King Code. The JDA made progress during the reporting period towards entrenching and strengthening the implementation of the recommended practices in its governance structures, systems,

processes and procedures. The internal audit team provided regular feedback to the Audit and Risk Committee, which is responsible for monitoring compliance with the King Code.

The entity applies the governance principles contained in the King Codes as far as it applies to it and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. The monitoring of the entity's compliance with the King Codes on Corporate Governance is part of the shareholder mandate of the Audit and Risk Committee. The entity has complied with the Code in as far as it applies to it during the period under review.

The Board of Directors has incorporated the City of Johannesburg's Corporate Governance Protocol in its Board Charter, which inter alia regulates its relationship with the City of Johannesburg as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Codes Report on Corporate Governance for South Africa 2016 (King Code). The Entity steadfastly consolidated its position in respect of adherence to the King Codes report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King Codes. Ongoing steps are however taken to align practices with the King IV's recommendations and the Board of Directors continually reviews progress to ensure that the entity improves its Corporate Governance. During the year under review the Company entrenched its risk management reviews. Reporting and compliance assessments were conducted in terms of the Companies Act, the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA). The annual Board assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with section 121 of the Municipal Finance Management Act.

Ethical Leadership

The board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment in 2001.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the entity's stakeholders.

Corporate citizenship

As an entity of a municipality, the JDA has social and moral obligations to the citizens. The Board is responsible for ensuring that the JDA protects, enhances and invests in the economy, society and the natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

Compliance with laws, rules, codes and standards

The Board is responsible for ensuring that the entity complies with applicable laws and considers adherence to non-binding rules, codes and standards. The company secretary certifies that all statutory returns have been submitted to the Registrar of Companies in terms of section 268(d) of the Companies Act. The internal audit team provides assurance on the JDA's compliance with laws and regulations.

Citizen Involvement in Plan-Making and Project Implementation

The City and the JDA are continually working on ensuring more involvement of communities and individuals in the preparation of plans and project implementation, and a better interface between officials and the public.

In the preparation of the Integrated Development Plan (which includes the Spatial Development Framework) and also in the annual revision of the Regional Spatial Development Framework, there is a structured participation process, which includes public meetings and which allows any interested party to comment on, or object to, any provision in a proposed plan.

For area based planning, the JDA's participation is structured in a number of ways, including key public meetings at the start of the process and at the point of draft proposals. But other participatory methods such as stakeholder meetings, information leaflets, etc. are also used depending on the context and project.

Citizens can also get involved with developing detailed precinct plans for their own areas at neighbourhood level. In many areas these plans are initiated by the residents of a particular area. The planning department is investigating ways of helping people to pool their resources in communities in order to participate in preparing precinct plans.

The local Ward Councillor, Ward Committees and residents' associations are the key link for citizens to get involved in public participation processes in planning and project development.

The Board of Directors of the JDA subscribes to good corporate governance expressed in the King Code and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 (MSA). The Board recognises the need to conduct the affairs of the municipal entity with integrity to ensure increased public confidence and the confidence of its parent municipality. It is the policy of the Board to actively review and enhance the entity's systems of control and governance on a continuous basis to ensure that the entity is managed ethically and within prudently determined risk parameters.

Environmental Management

Environmental considerations are an essential part of the JDA's design and construction projects. The JDA promotes green building technologies such as solar water heating, efficient lighting and sustainable urban drainage systems in its designs and projects. The JDA works with the Department of Economic Development to explore opportunities to support locally produced green building and infrastructure products.

SECTION 1.1: BOARD OF DIRECTORS

The JDA has a unitary board, which comprises both executive and non-executive directors. Mr Mongezi Ntanga is chairperson of the Board and a non-executive director. The JDA's sole shareholder, the City of Johannesburg CoJ, reviews the term of office for non-executive directors every year at the annual general meeting.

The Board is accountable to the CoJ and the citizens of Johannesburg. A service delivery agreement and shareholder compact, concluded in accordance with the provisions of the Municipal Systems Act, govern the entity's relationship with the CoJ. The Board provides quarterly, biannual and annual reports on its performance and service delivery to the City of Johannesburg as prescribed in the service delivery agreement, the shareholder compact, the MFMA and the Municipal Systems Act.

Non-executive directors maintain an independent stance to matters under consideration and add to the Board's depth of experience. The roles of the Chairperson and Chief Executive Officer are separate, with

responsibilities divided between them. Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters such as corporate governance, compliance with company rules and procedures, statutory requirements, regulations and best corporate practices.

The Board or any of its members may, under appropriate circumstances and at the expense of the company, obtain the advice of independent professionals.

Shortcomings are addressed and areas of strength are consolidated during an annual Board evaluation. The performance of the Board committees is evaluated against their terms of reference.

The Board of Directors consisted of the following members prior to the Annual General Meeting (AGM) of 17 April 2019:

- (i) Mr Cassim Coovadia (as Chairperson);
- (ii) Mr Popo Masilo;
- (iii) Mr Krishna Govender;
- (iv) Dr Mzukisi Qobo;
- (v) Mr Panos Zagaretos;
- (vi) Mr Prince Mashele;
- (vii) Mr Arron Steyn;
- (viii) Dr Nomfundo Ngwenya;
- (ix) Mr Christo Botes (as Chief Executive Officer and Executive Director)
- (x) Ms Sherylee Moonsamy (as Chief Financial Officer and Executive Director).

The following members were Independent Audit and Risk Committee members:

- (i) Ms Modi Dolamo;
- (ii) Ms Keabetswe Onuoka; and
- (iii) Mr Zukisani Samsam

TABLE 7: JDA BOARD OF DIRECTORS FOR THE PERIOD 1 JULY 2018 – 17 APRIL 2019

Board member	Capacity: Executive/nonexecutive	Race	Gender	Board committee membership
C Coovadia	Chairperson (Non-executive)	Indian	Male	Board
K Govender	Non-executive	Indian	Male	Audit and Risk (Chair)
P Mashele (Resigned on 22 January 2019)	Non-executive	Black	Male	Human Resources and Remuneration Social and Ethics Committee
P Masilo	Non-executive	Black	Male	Human Resources and Remuneration Social and Ethics Committee
P Zagaretos	Non-executive	White	Male	Human Resources and Remuneration Social and Ethics Committee
N Ngwenya	Non-executive	Black	Female	Human Resources and Remuneration / Social and Ethics Committee (Chair)
A Steyn	Non-executive	Coloured	Male	Audit and Risk Committee
M Qobo	Non-executive	Black	Male	Audit and Risk Committee Human Resources and Remuneration Social and Ethics Committee

The Board of Directors consists of the following members as appointed at the Annual General Meeting (AGM) of the shareholder held on 17 April 2019:

- (i) Mr Mongezi Ntanga (as Chairperson)
- (ii) Mr Edgar Peters;
- (iii) Mr Krishna Govender;
- (iv) Mr Tiyani Sambo;
- (v) Mr Panos Zagaretos;
- (vi) Ms Steineke Jensma;
- (vii) Mr Arron Steyn;
- (viii) Dr Geci Karuri-Sebina;
- (ix) Mr Christo Botes (as Chief Executive Officer and Executive Director until his passing in May 2019) and
- (x) Ms Sherylee Moonsamy (as Chief Financial Officer and Executive Director);

The following members were appointed as Independent Audit and Risk Committee members at the AGM of 17 April 2019:

- (i) Mr Kantharuben Moodley;
- (ii) Ms Keabetswe Onuoka; and
- (iii) Mr Zukisani Samsam

TABLE 8: COMPOSITION OF THE BOARD FOR THE PERIOD 17 APRIL 2019 – 30 JUNE 2019

Board member	Capacity: Executive / non-executive	Race	Gender	Board committee membership
M Ntanga	Chairperson (Non-executive)	Black	Male	Board (Chair)
K Govender	Non-executive	Indian	Male	Audit and Risk Committee (Chair)
T Sambo	Non-executive	Black	Male	Development and Investment Committee
P Zagaretos	Non-executive	White	Male	Social & Ethics/ Human Resources & Remuneration Committee Development and Investment Committee
J Karuri-Sebina	Non-executive	Black	Female	Development and Investment Committee (Chair)
Steineke Jensma	Non-executive	Coloured	Female	Social & Ethics/ Human Resources & Remuneration Committee (Chair)
A Steyn	Non-executive	Coloured	Male	Audit and Risk Committee
Edgar Peters	Non-executive	Indian	Male	Social & Ethics/Human Resources & Remuneration Committee

Together, the JDA directors have a range of different skills and experience that they bring to bear for the benefit of the entity. These include accounting, finance, legal, business management, human resources and labour relations, marketing, construction and development management. The Board meets regularly, retains full and effective control over the company and monitors the implementation of the company's strategic programmes by the executive management through a structured approach of reporting and accountability. It sets the strategic direction of the JDA and monitors overall performance. All JDA's Board Committees are chaired by non-executive directors and monitor overall performance.

TABLE 9: COMPOSITION OF THE BOARD

Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership	
						Pre AGM 17 April 2019	Post AGM 17 April 2019
C Coovadia	Chairperson (Non-executive)	25 February 2014	BCom Effective Directors Programme Governance Housing Finance Finance	Indian	Male	Development and Investment Committee Board Chairperson	Retired
K Govender	Non-executive	25 February 2014 to date	CA (SA) BCom and Honours	Indian	Male	Audit and Risk Committee Development and Investment Committee	Audit and Risk Committee
P Masilo	Non-executive	1 October 2008	B Proc LLB	Black	Male	Human Resources and Remuneration Committee Social and Ethics Committee	Retired
C Botes	CEO (Executive)	26 April 2018	B.Art et Scien (Town & Regional Planning)	White	Male	N/A	N/A
S Moonsamy	CFO (Executive)	1 March 2018	CASA	Indian	Female	N/A	N/A
P Zagaretos	Non-executive	October 2014 to date	BSc (QS) MSc (QS) MRICS	White	Male	Development and Investment Committee Social and Ethics Committee	Social & Ethics/ Human Resources & Remuneration Committee Development and Investment Committee
P Mashele	Non-executive	16 March 2016	MA (Political Studies) BA Hon (Political Studies)	Black	Male	Human Resources and Remuneration Committee Social and Ethics Committee	Resigned on 22 January 2019
N Ngwenya	Non-executive	16 March 2016	PhD (International Studies) MSc (Politics of World Economy) MA (International Studies) BA Hon (International Relations)	Black	Female	Development and Investment Committee Human Resources and Remuneration Committee	Retired
A Steyn	Non-executive	16 March 2016	PRTech (Civil) Post Graduate Diploma in	Coloured	Male	Audit and Risk Committee Development and Investment	Audit and Risk Committee

Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership	
						Pre AGM 17 April 2019	Post AGM 17 April 2019
			Project Management BCom Hon (Economics)			Committee	
M Qobo	Non-executive	16 March 2016	PhD (Politics and International Studies) MA (International Studies) BA	Black	Male	Audit and Risk Committee Human Resources and Remuneration Committee	Retired
M Ntanga	Chairperson (Non-executive)	17 April 2019 to date	B roc, H Dip Tax, Drafting and Interpretation of Contracts, LLM	Black	Male	N/A	Board Chairperson
E Peters	Non-Executive Director	17 April 2019 to date	BA, N Diploma Police Administration Diploma: Criminal Justice and Forensic Auditing; Industrial Relations; Human Resources Management -	Indian	Male	N/A	Social & Ethics/ Human Resources & Remuneration Committee
S Jensma	Non-Executive Director	17 April 2019 to date	MBA, Post Graduate Certificate in Executive Leadership, BCom, Certificate in Project Management	Coloured	Female	N/A	Social & Ethics/ Human Resources & Remuneration Committee (Chairperson)
T Sambo	Non-Executive Director	17 April 2019 to date	Post Graduate Diploma in Programme Management; MBA; BTech Degree in Civil Engineering Transportation; National Diploma in Civil Engineering	Black	Male	N/A	Development & Investment Committee
J Karuri-Sebina	Non-Executive Director	17 April 2019 to date	PhD Town Planning and Innovation Systems, MA Urban Planning, M Architecture & Urban Design, BA Sociology; BA Computer Science	Black	Female	N/A	Development & Investment Committee (Chairperson)

TABLE 10: INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS

Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership	
						Pre AGM 17 April 2019	Post AGM 17 April 2019
Ms M Dolamo	Independent Audit and Risk Committee	3 February 2015	BCom and Honours (Accounting) CTA CA (SA)	Black	Female	Audit and Risk Committee	Retired
Ms K Onuoka	Independent Audit and Risk Committee	15 March 2016 to date	CIS Qualification (Institute of Chartered Secretaries and Administrators)	Black	Female	Audit and Risk Committee	Audit and Risk Committee
Mr Z Samsam	Independent Audit and Risk Committee	25 February 2014 to date	CA (SA) MCom (Finance)	Black	Male	Audit and Risk Committee	Audit and Risk Committee
K Moodley	Independent Audit and Risk Committee	17 April 2019	LLB; BA	Indian	Male		Audit and Risk Committee

The JDA’s directors bring together a range of complementary skills and experience that benefit the entity, including accounting, finance, legal, business management, human resources, labour relations, marketing, construction and development management.

Duties of the Board

The Board retains full and effective control over the organisation and monitors the implementation of the JDA's strategic programmes. It sets the agency's strategic direction and monitors overall performance. The duties of the Board include:

- Providing effective, transparent, accountable and coherent oversight of the JDA's affairs.
- Ensuring that the JDA complies with all applicable legislation, the service delivery agreement and the various shareholder policy directives issued by its parent municipality from time to time.
- Dealing with the CoJ in good faith and communicating openly and promptly on all pertinent matters requiring the attention of its shareholder.
- Determining and developing strategies that set out the organisation's purpose and values in accordance with the shareholder mandate and strategic documents such as the integrated development plan.
- Reviewing and approving financial objectives, including significant capital allocations and expenditure as determined by the CoJ.
- Considering and ensuring that the entity's size, diversity and skills are sufficient to achieve its strategic objectives.

Board charter

The Board of Directors has incorporated the City of Johannesburg's corporate governance protocol into its charter, which regulates its relationship with the City of Johannesburg as its sole member and parent municipality in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code. The charter sets out the composition and powers of the Board.

SECTION 1.2: DIRECTORS & PRESCRIBED OFFICERS REMUNERATION

The JDA remunerates the non-executive directors and independent Audit and Risk committee members in accordance with the policy and in the amounts determined from time to time by the City of Johannesburg Metropolitan Municipality, acting in its capacity as the sole shareholder of the JDA. The non-executive directors and independent Audit and Risk committee members are paid per meeting. Executive directors and prescribed officers are employees of the JDA and do not receive any additional remuneration by reason of their office. The table below reflects the gross or cost to company amounts paid by the JDA in relation to non-executive directors' and independent Audit and Risk committee members' fees.

TABLE 11: EXECUTIVE DIRECTOR'S, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTOR'S & INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES FOR THE PERIOD 1 JULY 2018 - 30 JUNE 2019

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
Executive Directors & Senior Management							
C Botes	CEO (Deceased)	1,459,893		-	129,549	25,000	1,614,442
S Moonsamy	CFO	1,605,335	105,605		88,748		1,799,687

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
Z Tshabalala	CAE	1,194,687	56,722		270,935		1,522,344
D Cohen	EM: Strategy & Planning(Acting CEO from 1 May 2019)	1,349,560	64,075	35,637	147,597		1,596,869
R Shirinda	Company Secretary	1,462,018	69,414		277,001		1,808,433
B Seopela	EM: Corporate Services	1,854,390					1,854,390
N Mudlovhedzi	Senior Development Manager	1,197,216	78,757		170,988		1,446,961
P Mkhize	Senior Development Manager	1,217,920	57,825		198,504		1,474,249
M. Soni	EM: Development Implementation	1,358,367	-	-		132,000	1,490,367
Sub-Total		12,699,387	432,398	35,637	1,283,321	157,000	14,607,742
Non-Executive Directors & Independent Audit Committee Members							
C Coovadia	Chairperson(Retired)	96,000					96,000
M Ntanga	Chairperson	32,000					32,000
T Sambo	Board Member	24,000					24,000
Dr J Karuri-Sebina	Board Member	24,000					24,000
E Peters	Board Member	30,000					30,000
P Masilo	Board Member(Retired)	116,000					116,000
M Qobo	Board Member(Retired)	78,000					78,000
N Ngwenya	Board Member(Retired)	128,000					128,000
A Steyn	Board Member	157,000					157,000
K Govender	Board Member	185,000					185,000
P Mashele	Board Member(Retired)	91,000					91,000
P Zagaretos	Board Member	134,000					134,000
M Dolamo	Independent Audit and Risk Committee Member (Retired)	20,000					20,000
K Moodley	Independent Audit and Risk Committee Member	12,000					12,000
K Onuoka	Independent Audit and Risk Committee Member	41,000					41,000
Z Samsam	Independent Audit and Risk Committee Member	37,000					37,000
Sub-Total		1,205,000	-	-	-	-	1,205,000
TOTAL		13,904,387	432,398	35,637	1,283,321	157,000	15,812,742

The directors' emoluments were taxed according to South African Revenue Services' guidelines. Included in the emoluments are fees for attendance of scheduled meetings, interviews and JDA strategic workshops that are held during the year.

Loans and advances

In accordance with the provisions of the MFMA, the JDA has a strict policy in place that prohibits it from providing loans or advances to directors and employees; therefore, no loans or advances were made during the period under review. The agency did not provide loans to any organisation or person outside of or in the employ of the JDA.

SECTION 1.4: COMPANY SECRETARIAL FUNCTION

The primary function of the Company Secretary is to act as the link between the Board and management and to facilitate good relationships with the shareholder. The Company Secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices and to provide guidance to the directors on corporate governance principles and applicable legislation. All directors have access to the advice and services of the company secretary who acts as the link between management, the Board and the shareholder.

The company secretary is responsible for the flow of information to the Board and its committees and ensures compliance with Board procedures. In addition to various statutory functions, the company secretary provides individual directors and the Board as a whole with guidance on their duties, responsibilities and powers, as well as the impact of legislative and regulatory developments, while maintaining an arm's-length relationship with the Board.

The Board has empowered the company secretary with the responsibility of advising the Board, through the chairperson, on all governance matters, including the duties set out in section 88 of the Companies Act.

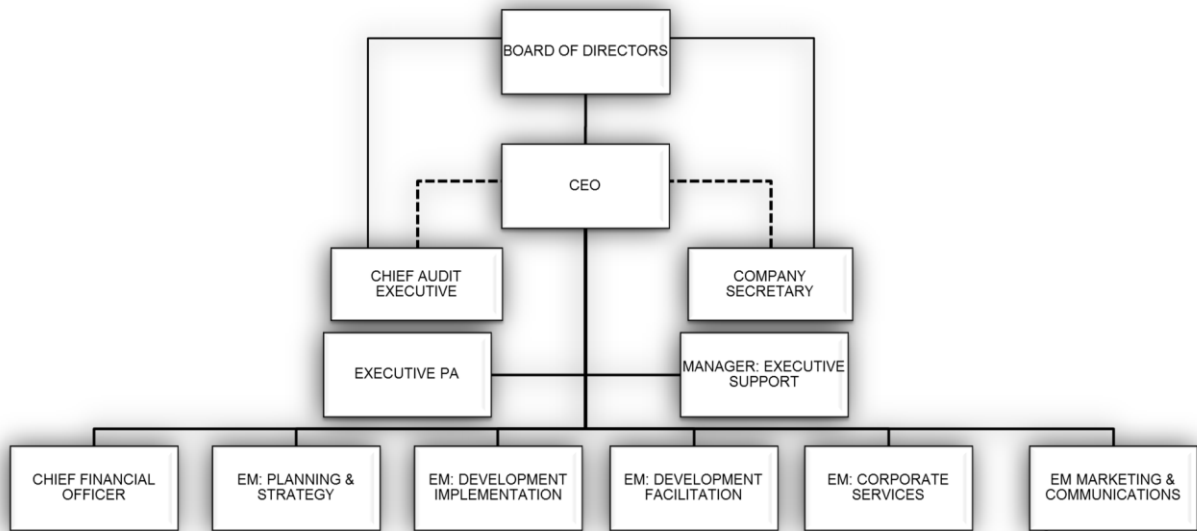
The company secretary's work covers a wide variety of functions, including but not limited to:

- Organising, preparing agendas, and taking minutes of meetings;
- Dealing with correspondence, collating information, writing reports, ensuring decisions made are communicated to the relevant people;
- Advising the Board and management on corporate governance matters;
- Contributing to meeting discussions, as and when required; and
- Arranging the annual general meetings.

SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

The JDA's structure is a response to the business model, which focuses on the development of strategic investments, and the establishment of urban management partnerships to ensure the sustainability of the catalytic public investments. The organisational structure during the reporting period is presented below.

TABLE 12: HIGH LEVEL ORGANISATION STRUCTURE



SECTION 3: GOVERNANCE OF STAKEHOLDER RELATIONSHIPS

Managing Stakeholder Relationships

The JDA engages with various State and community stakeholders. Stakeholders in JDA planning processes and projects are the people and organisations which impact upon and are impacted by JDA plans, interventions and projects.

City of Johannesburg Stakeholders

As a Municipal Owned Entity (MOE) the JDA has key linkages and relationships with the City of Johannesburg and other MOEs. These relationships are vital to ensure that development is aligned with the COJ vision and policies for Johannesburg. Some critical stakeholders and the relationships that JDA departments have with them are listed below:

Table 13: City of Johannesburg Stakeholders

CoJ Stakeholder	Nature of Engagement
Office of the Mayor	The JDA engages with the Office of the Mayor to ensure strategic engagement on city priorities, key decisions and formal oversight committees and steering groups. It ensures internal JDA priorities, policies and frameworks are in line with the Growth and Development Strategy (GDS) 2040 and other plans and policies of the city, and the JDA keeps the Office of the Mayor well informed of JDA project progress. The JDA highlights public addresses, site visits and mayoral priorities to the general public.
Office of the MMC for Development Planning	The JDA engages with the MMC for Development Planning to ensure both strategic and operational engagement on city priorities, key decisions and formal oversight committees. The JDA keeps the Office of the MMC well informed of JDA project processes, and where possible, involves the MMC in stakeholder engagement where political intervention is sought.
The JDA Board	The JDA is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company.
Members of the Mayoral Committee (MMCs)	The JDA has representation on and reports regularly to oversight committees, as well as to key fora with MMCs from particular client departments. The JDA also provides engagement and support to MMCs in external stakeholder engagement. On particular projects the JDA works with specific portfolios for political support. The JDA also highlights public addresses, fora and site visits to the general public.
Office of the Speaker of the City of Johannesburg	As an agency of the City of Johannesburg, the JDA is bound by the rules on public participation as set out by the Office of the Speaker. The Speaker has to ensure public consultation, involvement and participation in the affairs of the municipality. As chairperson of the council's public participation and petitions committees, the Speaker must ensure that the public participates in city matters wherever possible, and facilitates the process whereby community requests and complaints are heard and ensures that there are appropriate responses from Council. In order to fulfil the role of building democracy, the Speaker manages community participation in local government.
City of Johannesburg Development Planning (City Transformation) (CT)	Planning roles in the JDA are integrally linked with planning in the City. Local area planning and implementation is undertaken in partnership between the JDA and City Transformation (CT). The JDA reports to City Transformation where it acts as implementing agent for planning projects. The JDA also provides strategic planning input on decision making for planning initiatives. The JDA collaborates with CT on providing input to the Integrated Development Plan (IDP) and associated Spatial Development Framework (SDF) as well as other key strategic planning initiatives. Through its relationship with CT, the JDA influences prioritisation and budgeting for infrastructural development to maximise impact. In terms of Development Facilitation the JDA collaborates closely with CT on spatial planning, precinct/ area research and planning and project prioritisation and budgeting. Development Implementation collaborates with CT on the Capex requirements and scope of work for

CoJ Stakeholder	Nature of Engagement
	particular projects, and the DI teams provide critical feedback to the planning department for accurate budgeting for development projects.
Johannesburg Property Company (JPC)	JPC will remain the city property manager, handling all individual transactions of public land; however as the key facilitator of area based developments JDA's participation in these transactions is vital. The JDA provides strategic engagement on land acquisition and disposal matters related to JDA implemented projects. This includes input into strategic decision making on land acquisitions and disposals. At local area level it includes collaboration between the JDA and JPC on land identification, provision of key information and unblocking of developments on both city and privately owned land. Furthermore it includes collaboration on transactions and connected developments are required on a regular basis to ensure that work continues smoothly. The JDA has representation on the Joint Land Steering Committee.
Municipal owned entities (MOEs) and Departments	<p>These include Joburg Water, City Power, Johannesburg Roads Agency, City Parks, Pikitup, Department of Economic Development, Department of Community Development etc. These entities and departments act as project clients, co-implementers and operators in different projects. They are integral to any JDA development process.</p> <p>The JDA's engagement includes soliciting input into strategic planning initiatives underway by all relevant departments and development of linkages between overall planning at city level and the JDA business plan.</p> <p>At a local planning and project level it means bringing relevant departments together to coordinate between existing opportunities and to generate plans for new area based development. It is important to ensure that the adequate complimentary infrastructure is in place (e.g. storm water, water and electricity reticulation) as well as complementary services (e.g. small cooperatives, social services) to schedule and bring projects to completion. Development Implementation teams interact with relevant MOEs and departments on project specific requirements.</p> <p>Marketing and Communications work with relevant departments, particularly where JDA acted as implementing agent, to share process and completion details as part of ensuring smooth implementation and to publicise the work of the City.</p> <p>The JDA engages with these entities individually as well as in joint forums. Technical forums are established by the DF team. They bring together the various City departments and entities working on specific investments/ projects to ensure that there is smooth communication between parties, that development blockages are unblocked and that opportunities in the particular precincts are realised. DI teams utilise these forums to resolve project specific issues and ensure smooth coordination with other departments for development and handover processes.</p>
Housing Agencies of the City	These include the City's Housing Department and Johannesburg Social Housing Company (JOSHCO), integral partners to ensuring the provision of affordable housing. The JDA provides input into strategic planning initiatives, prioritisation and budgeting for housing in the City. It also provides input into strategies for the provision of adequate housing and related social amenities in particular precincts. The JDA provides a service of implementation of refurbishment and development of housing where requested by JOSHCO or Housing Department.

National and Provincial State Stakeholders

Table 14: National and Provincial State Stakeholders

State Stakeholder	Nature of Engagement
National departments and entities include National Treasury, South African Police Services (SAPS) and Department of Public Works (DPW) as well as other critical partners in terms of budgeting and urban management on key projects.	<p>These departments play key roles in developments across the City of Johannesburg in planning, implementation and sustainability of key developments.</p> <p>The various JDA departments engage with national and provincial departments at several levels. The JDA collaborates with departments on larger scale planning initiatives and on the finalisation of national or provincial programmatic grants for infrastructural development.</p>
Provincial Departments include Departments of Human Settlements, Education, Economic Development, Safety and Security, Department of Environmental Affairs and Water Affairs etc.	Utilises national or provincial programmes for area based development initiatives. From time to time the JDA may implement projects for national or provincial client departments and from provincial grant schemes.

Community Stakeholders

Table 15: Community Stakeholders

Community Stakeholders	Nature of Engagement
Private investors and developers	<p>The JDA engages with private investors to share information about the City's work and vision and encourage private investment. It further works with the private sector in conveying the City's vision, policy and processes and assessing and establishing partnerships for achieving this vision.</p> <p>At a local area level the DF team engages with private investors and developers to highlight key opportunities for increasing private investment in areas where there is state investment. It also works with these stakeholders to understand the market dynamics and inhibitors to investment as well as to carve area based investment approaches that will enhance the public good within those areas.</p>
Small and Medium Enterprises (SMMEs)	<p>The JDA's mission directs the JDA to create a conducive environment for economic empowerment and makes use of programmes for the development of SMMEs (e.g. Expanded Public Works Programme).</p> <p>SMMEs are an essential stakeholder group to be engaged on local area projects both for determining the economic conditions and opportunities within areas and for identifying opportunities for enhancing opportunities for small business in development areas and directly in JDA projects.</p>
City Improvement Districts (CIDs) and other Urban Management Partnerships	<p>These are key stakeholders in terms of the conceptualisation, implementation and maintenance of area based development. CIDs and Urban Management Partnerships are important stakeholders in the long-term urban management of investments made by the JDA and others in local neighbourhoods.</p>
Local area based stakeholder committees	<p>These committees are established by the DF team and are representative of community interests in areas. They may include ward councillors, ward committee members, religious leaders, school governing bodies, business representatives, NGOs and community members, amongst others. These committees are integral for the approval and shaping of investments as well as for catalysing community efforts as a key resource for the development of local areas.</p> <p>These committees provide feedback on projects. They are also the platforms for resolving project specific issues, for identifying local opportunities (including employment) and for discussing project schedules.</p>

Specific interest groups

The JDA will engage with specific interest groups to discuss the aspects of the projects that affect them directly and in particular ways. These include:

Table 16: Specific interest groups

Specific interest groups	Nature of Engagement
Local residents and business owners	A group of individuals that interact within their immediate surroundings. These are the stakeholders who should benefit from key investments. Engagements focus on how local residents can create the neighbourhood vision by defining specific activities that will improve the neighbourhood.
Women and Youth	These groups may be vulnerable in various ways or have unique needs that must be taken into account in projects. Engagements are directed at improving the responsiveness of developments to meet particular needs of these groups to improve living conditions and optimise economic outcomes for them.
Organised Labour	It is necessary to engage workers on their needs in the environment (transport, access, safety etc.) as well as on the development of enterprise and employment opportunity through project interventions.
Researchers and urbanists	The JDA works with these groups at a strategic planning level as well as at project level. At a strategic level the JDA works with researchers to inform evidence based policy development and to gain insight into particular dynamics in areas or particular development issues. It is important that JDA planning and facilitation staff keep abreast of critical research and discussions into various aspects of the city from demographics, to new policies, reports and publications. It is valuable to shaping thinking about area based development, and Development Implementation staff are required to keep abreast of new methodologies, design approaches, materials etc. to ensure best practice implementation of projects

Stakeholder Engagement Framework

One of the JDA’s strategic goals is to co-produce solutions in partnership with local stakeholders to meet local needs and mitigate challenges. This is an essential component of development intervention in cities, but should not be read or interpreted as if it stands isolated from the other three strategic goals. Since 1994, the state has made concerted efforts to engage resident communities and other affected stakeholders in the development of local solutions. Unfortunately this has not always been successful and has often simply taken the form of decision-makers telling communities about their strategies. A more responsible and effective approach is to work with local stakeholders to produce solutions by drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship.

The JDA’s Stakeholder Engagement Framework represents the JDA’s on-going commitment to work effectively with its stakeholders through both the plans and interventions it designs and the projects it implements. This includes learning from past stakeholder and community engagement experiences and continuing to improve performance.

The Stakeholder Engagement Framework guides the way in which the JDA supports productive development partnerships and co-operation between all stakeholders in these areas. It frames how the JDA works with the people and organisations which impact upon and are impacted by various JDA plans, interventions and projects which seek to fulfil the City of Johannesburg’s development policy objectives. The Framework seeks to:

- Ensure a coherent approach to stakeholder engagement across the complete range of JDA plans, interventions and projects
- Enable better planned projects and programs
- Facilitate effective collaboration with all affected and interested parties

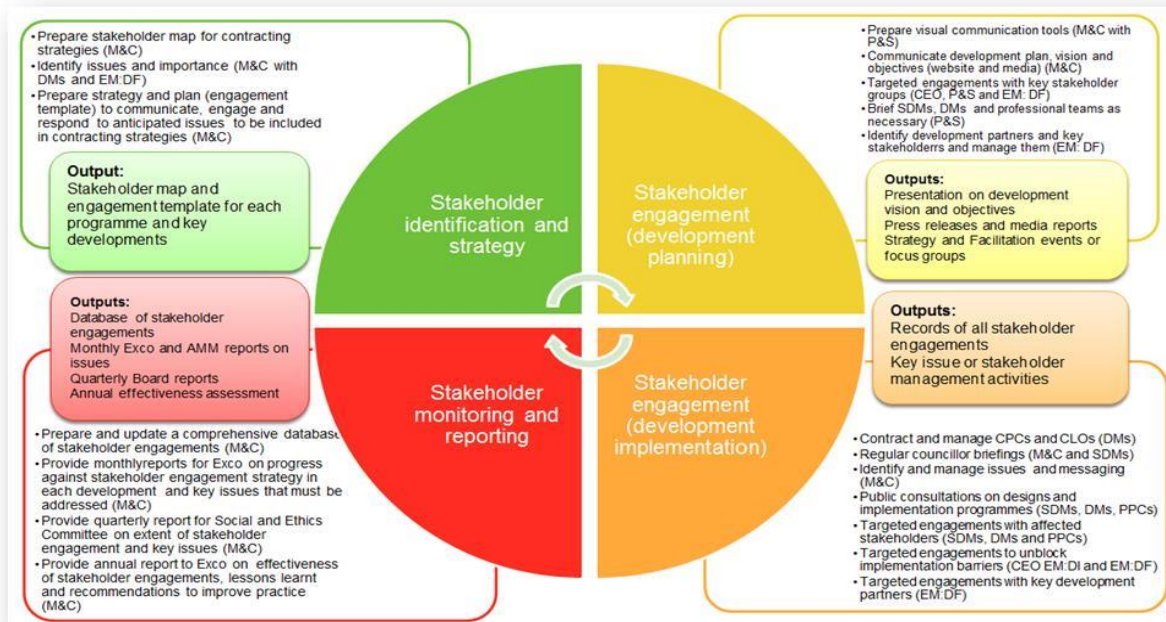


FIGURE 8: STAKEHOLDER ENGAGEMENT FRAMEWORK:⁴

SECTION 4: RISK MANAGEMENT

The JDA's Board monitors risk through the Audit and Risk Committee, which ensures that there is an effective risk management process and system in place. The committee recommends risk strategies and policies that need to be set, implemented and monitored. The JDA Board is responsible for identifying, assessing and monitoring the risks presented by the Audit and Risk Committee.

The JDA has a risk management strategy, which follows an enterprise-wide risk management system in which all identified risk areas are managed systematically and continuously on an on-going basis at departmental level. The risk register is treated as a working risk management document because risks are constantly recorded and managed. Management monitors and evaluates the implementation and efficiency of controls and actions to improve current controls in the risk register.

The JDA submits its risk management reports to the CoJ's Group Risk and Governance Committee. The committee assesses all risk affecting the CoJ and its municipal entities in a holistic manner and makes recommendations to the City Manager and Council on the general effectiveness of risk management processes in the CoJ.

⁴ M&C – Marketing and Communications, DM – Development Managers, EM/DF – Executive Manager Development Facilitation, P&S – Planning and Strategy, CEO – Chief Executive Officer, PPC – Public Participation Consultants, SDM's – Senior Development Manager, ED: DI – Executive Manager: Development Implementation

Risk Management Process

Risk identification and assessment is an on-going process. The JDA's management conducts an annual strategic and operational risk assessment workshop. This process is supported by an on-going risk management process at departmental level; and all employees are required to take ownership of risks that fall within their respective areas of responsibilities.

The risk management programmes and/or activities that were implemented during the 2018/2019 financial year are as follows:

- Strategic Risks Management and Monitoring
- Operational Risks Management and Monitoring
- Universal Regulatory Register (URR) and Compliance Monitoring
- Started with 2019/2020 Operational Risk Assessment
- Enterprise Wide Risk Management Training
- Anti-Fraud & Anti-Corruption and Ethics Management Training
- Business Continuity Management Programme at 50% completion
- Independent Compliance Review
- Assessment of Risk Management Maturity Level
- Fraud Risk Management Policies approved
- Fraud Prevention Strategy and Response Plan approved
- Declaration of Interest Policy approved

The Executive Committee and the Audit and Risk Committee will continue to monitor the implementation of the documents listed above to ensure that the organisation is proactive in addressing risks and strengthening its internal control environment.

Strategic Risk Register

The JDA's risk management strategy is guided by the principles of the enterprise-wide risk management system. The JDA's strategic risk register is treated as a working document. Identified risks are recorded and the management thereof is constantly monitored. Management monitors and evaluates the implementation and efficiency of controls.

Effective risk management is fundamental to the JDA's business activities. The organisation is committed to achieving its strategic goals and increasing shareholder value by facilitating, developing and implementing infrastructure projects on behalf of the CoJ. The JDA seeks to achieve an appropriate balance between risk and reward in the business. It continues to build and enhance the risk management capabilities that assist in achieving its goals in a controlled environment.

The JDA conducts an annual strategic risk assessment workshop to ensure that there is a link between risk management and the business planning processes. The 8 strategic risks, should they materialise, have the implications of impacting the achievement of short, medium and/or long term plans and objectives of the JDA. The table below plots the risks that would be impacted in the short, medium and/or long term:

TABLE 17: RISK IMPLICATIONS OVER THE SHORT, MEDIUM AND/OR LONG TERM

No.	Risk description	Short Term	Medium Term	Long term
1	Failure to deliver capital projects on time and within budget.	X	X	X
2	Inadequate project packaging, budgeting and sequencing that support ROI in terms of economic outcomes in key development areas.	X	X	X
3	Failure to adequately manage SMMEs expectations	X	X	X
4	Failure to implement effective job creation, SMMEs and BBEE support systems.	X	X	
5	Failure to adequately manage stakeholder expectations.	X	X	X
6	Inability to ensure financial sustainability.	X	X	X
7	Fraud and corruption	X	X	X
8	Ineffective management processes	X	X	X

Of the 8 strategic risks, management identified four critical risks that required urgent attention and close monitoring. These risks are ranked highly in accordance with the residual risks rating and pose significant threat to the business of the JDA.

The critical risks identified were:

- Failure to deliver capital projects on time and within budget.
- Inability to ensure financial sustainability.
- Failure to adequately manage stakeholder expectations.
- Ineffective management systems and processes.

Implementation progress and impact analysis

The JDA has implemented additional controls for these critical risks which have all been implemented with a few exceptions. Control effectiveness is measured by the JDA's overall performance, compliance with applicable laws and regulations and total budget spent.

At the beginning of the financial year, the critical risks had a residual risk rating of medium after taking the current controls into account. This meant that management had to further mitigate current controls to further reduce the residual risk rating to an acceptable level. Although significant work has been undertaken to address these risks, more work is needed to address the complexities experienced in certain areas, i.e. Alexandra and Region E during the implementation of projects.

The critical challenges identified were as follows:

- Stakeholder framework not yet implemented

- Lack of capacity and requisite skills to deliver projects in volatile areas
- A few projects have been affected by contractor late payments to SMMEs
- Inconsistent appointment and management of SMMEs across JDA projects
- Poor performing contractors
- Suspected SMME gatekeeping
- Constant scope change by client departments.
- No land and title deed.

Mitigations to address these challenges, the JDA will:

- Develop a Development Facilitation Framework and review Stakeholder Management Framework to effectively address how to implement projects with minimal resistance from key stakeholders.
- In certain exceptional cases where the contractor delays to pay sub-contractors and the payment delays can potentially cause overall project delays, JDA will attempt to enter into agreement with the contractor to cede the payment rights and obligations to the JDA in order to pay sub-contractors from the contractor's contract value.
- JDA contracts have been amended to include special clause to terminate non-performing contractors.
- Train relevant employees on the reviewed Stakeholder Engagement Framework and Stakeholder Engagement Processes in order to increase their capacity in dealing with stakeholder matters.
- Identify projects that are not ready for implementation and consult relevant Client Department regarding projects not implementation ready and propose a plan to assist at an agreed upon fee.
- Develop a pipeline of projects with at least a two year lead time prior to implementation to ensure effective planning and that projects will be implementation ready.
- Continue to exercise oversight of all strategic risks identified and ensure that committed actions are being implemented.

SECTION 5: ANTICORRUPTION AND FRAUD INVESTIGATIONS

Financial crime and other unlawful conduct pose a threat to the JDA's business and strategic objectives. The JDA supports government's efforts to combat financial crime at all levels. The JDA, in its endeavour to combat financial crime, ensures compliance with all relevant legislation and regulations. The antifraud and anticorruption programme supports and fosters a culture of zero tolerance to fraud, corruption and unlawful conduct.

Employees are regularly briefed and trained on fraud prevention, and the induction process for new employees is being revised to include information regarding fraud prevention. Strict payment management processes are in place and the Bid Evaluation Committee independently verifies whether preferred service providers can complete the work.

The fraud risk register was updated and approved by EXCO in February 2018 and the tracking and monitoring occurred on a quarterly basis. The strategic risk register identifies “fraudulent and corrupt activities” as a strategic risk with a high inherent risk rating and medium residual risk rating of nine. The strategic risk register sets out specific future actions to mitigate this risk, including creating fraud risk awareness campaigns.

A total of nine (9) cases are highlighted on the table below, in which six (6) cases relate to the previous financial year and three (3) cases were reported in the current financial year. Three (3) cases have been closed and six (6) cases are still under investigation.

The previously reported cases are reflected below:

TABLE 18 FRAUD, CORRUPTION AND MALADMINISTRATION INVESTIGATION REGISTER

Date of Case Reported	Reference Number	Where or to whom it was reported	No. of Employees involved if applicable	Allegation	Nature of the Cases e.g. Corruption, fraud and maladministration	Status (If resolved, State the outcome)
2019/01/22	GFIS 116/02/2019	CFO	One	Third party purporting to be SCM official to a bidder for the Gandhi Precinct East Development construction tender.	Corruption	Matter referred to Group Forensics and Investigation Services for investigation. The investigation is still at the initial stage (collecting evidence). It is anticipated to be completed in the first quarter of the next financial year (2019/20).
2018/12/07	GFIS 44/12/2018	CEO	One	Unauthorized wavering of Construction penalties.	Maladministration	Matter referred to Group Forensics and Investigation Services for investigation. The investigation was paused due to other competing investigations. It is envisaged that the investigation will be resumed and completed in the first quarter of the next financial year (2019/20).
2018/08/30	GFIS 171/08/2018	GFIS	Not known	Alleged solicitation of bribes and kickbacks.	Fraud/Corruption	Matter referred to Group Forensics and Investigation Services for investigation. The investigation was paused due to other competing investigations. It is envisaged that the investigation will be resumed and completed in the first quarter of the next financial year (2019/20).
2018/06/13	107/06/2018	City Manager	Not Known	Irregular acquisition of statue of late president Nelson Mandela	Fraud/corruption and maladministration	Investigation is still underway and conducted by the Public Protector’s office. No progress provided by the Public Protector.

Date of Case Reported	Reference Number	Where or to whom it was reported	No. of Employees involved if applicable	Allegation	Nature of the Cases e.g. Corruption, fraud and maladministration	Status (If resolved, State the outcome)
2018/04/11	GFIS 184/04/2018	City hotline.	One	JDA Official allegedly solicited bribe.	Corruption/ bribery	Matter referred to Group Forensics and Investigation Services for investigation. The investigation was paused due to other competing investigations. It is envisaged that the investigation will be resumed and completed in the first quarter of the next financial year (2019/20).
2018/03/22	106/03/2018	CEO/CAE	One	Misrepresentation by an outsider purporting to be a JDA employee	Suspected fraud	Criminal charges were been laid with JHB Central police station, case number CAS1095/3/2018. (The case was closed due to insufficient evidence).
2018/03/16	105/03/2018	CEO	Not known	Unfair disqualification of SMMEs.	Suspected corruption	Matter referred to Group Forensics and Investigation Services for investigation. The investigation was paused due to other competing investigations. It is envisaged that the investigation will be resumed and completed in the first quarter of the next financial year (2019/20).
2017/10/16	GFIS 485/09/2017	GFIS	One	Underpayment of SMMEs.	Maladministration.	Investigation was conducted by Group Fraud and Investigations Services. Investigation complete, management to implement recommendations of the report.
2015/03/24	102/03/2015	CAE	One	JDA official indirectly doing business with JDA.	Conflict of interest	The Preliminary Investigation was completed. Report was referred to the City's HR Department for consideration and implementation of recommendations due to implicated person being an ARP Employee. Case is now officially closed.

SECTION 6: ICT GOVERNANCE

Policies, charters and Frameworks

The 2018/2019 financial year saw the approval of the ICT Governance Charter, ICT Security Policy, and at EXCO level, the approval of the Disaster Recovery Plan.

The significance of the approval of the ICT Governance Charter is that it ensures alignment with the prescripts of King IV Code of Governance and in particular principle 12 of the King Code of Governance which gives a clear articulation of the board's oversight role on ICT Governance. Also significant in the approval was the re-endorsement of the role of the ICT steering committee, as a stand-alone committee, and not as a committee that was resident within functional EXCO as was in years past. This will ensure clearer accountability of the ICT function in terms of governance and role.

The Approved ICT Security policy took into account alignment to POPI and clearly articulates the roles of the Board, Board oversight committees, as well as management, within the context of POPI.

The ICT Strategy and Operational plan has been under review with input from users (via user surveys) and all related stakeholders. When finalised and approved by the IT Steering Committee it will be presented to the Audit and Risk Committee.

Enterprise Resource Planning Highlights

Enterprise resource planning is being implemented in line with the City's smart cities initiative. The overarching principle is to have one consolidated systems platform for the entire City. As an input to this initiative, the JDA, in this financial year implemented the Human Capital Management module. A series of parallel runs were run over the entire year. Post a data migration audit review, the module is live.

SAP Project Systems module

The project systems module is the engine that enables the processing of the JDA's Capex budget for projects. This module is currently live.

The initiative for the financial year 2018/2019 was to drive skills enhancement through refresher training on areas that users indicated they needed upskilling on or refreshment. Such areas included and were not limited to, the receiving of invoices by new users in Finance, where the Team was taken through a refresher workshop, budgets versus contracts management (CAPEX), OPEX contracts management cycle and approach. The derivative in this context is purely lessons learnt, and with it, what can be done to unlock value and improve efficiencies.

Network Performance

The first quarter of the financial year was marred by incidents of power cuts. The UPS only lasted as much as its capacity could handle and given that the power cuts were long, the network and systems would eventually shutdown. When the power grid stabilised, the network availability stabilised. On average the power cuts did not have a significant dent on availability when looking at the full financial year, as most of the year, the grid was stable. The target of 95 % availability was therefore achieved as graphs would show.

SECTION 7: COMPLIANCE WITH LAWS & REGULATIONS

The JDA monitors compliance with applicable legislation and regulations throughout the entity on a regular basis. Regulatory compliance describes the goals that JDA aspires to achieve in their efforts to ensure that they are aware of and take steps to comply with relevant laws and regulations, whereas general compliance means conforming to a rule, such as a specification, policy, standard or law.

Due to the increasing number of regulations and need for operational transparency, JDA has adopted the use of consolidated and harmonized sets of compliance controls which will be achieved through the successful implementation of the compliance management programme. This approach ensures that all necessary governance requirements can be met without the unnecessary duplication of effort and activity from resources.

The JDA has committed to undertake an annual risk analysis review of legislation, particularly of new and changed legislation, to keep the Regulatory Universe for JDA relevant and up to date. These processes:-

- Develop and maintain a system for identifying the legislation that applies to JDA's activities.
- Assign responsibilities for ensuring that legislation and regulatory obligations are fully implemented in JDA.
- Provide training for officials, and other relevant stakeholders in the legislative requirements that affect them.
- Provide officials with the resources to identify and remain up-to-date with new legislation.
- Conduct audits to ensure there is full compliance.
- Establish a mechanism for reporting non-compliance
- Identify accidents, incidents and other situations where there may have been non-compliance.

In the 2018/2019 financial year, a service provider was contracted to conduct an independent compliance assessment. This assessment reviewed a total of 262 compliance regulatory obligations stemming from 34 applicable legislative and regulatory frameworks.

Of the 262 compliance obligations assessed, the following was found:

- A total of eight compliance obligations were originally found to be non-compliant.
- Subsequently after the independence compliance review, two were corrected (*refer to table 19 below*).
- A total of six compliance obligations are found to be non-compliant.

In addition to the 262 compliance obligations, 6 compliance obligations were identified from 6 legislative and regulatory frameworks applicable to the JDA which were not previously registered on the compliance register.

The additional compliance obligations and legislative & regulatory frameworks increased the total number of compliance obligation to 268 and the applicable legislative and regulatory frameworks to 40.

In summary, the JDA's independent compliance review indicates an overall 98% compliance status.

TABLE 19 IDENTIFIED NON-COMPLIANCE AND ACTION PLANS/STATUS

Legislation	Relevant Section	Non-Compliance Finding	Committed Action Plan/Status
Municipal Finance Management Act, No. 56 of 2004	Section 99(2)(b)	Service Providers must be paid within 30 days.	The JDA has committed to establishing a centralized point for receiving and vetting invoices. Training is currently conducted on departmental level on how to vet invoices. The process is envisaged to be completed on 30 September 2019.
National Archives and Record Service of South Africa, No. 43 of 1996	Section 13(2)(c)	The Act requires that Public records are routinely inspected by records management staff.	Bid Evaluation Report was approved by Bid Adjudication Committee (BAC), therefore JDA is in the process of appointing a Service Provider for the outsourcing of Records Management.
Prevention and Combating of Corrupt Activities Act, 2004	Section 34	Any person who holds a position of authority and who knows or ought to reasonably have known or suspected that any other person has committed an offence of theft, fraud, extortion, forgery or uttering a forged document must report such knowledge or suspicion or cause such knowledge or submission to be reported to any police official.	JDA will ensure that in the 2019/20 annual report a column will be inserted that indicates the level of employee that blew the whistle.
COIDA Act, 1993	Section 80	An employer carrying business in South Africa is required to register with the Compensation Commissioner and obtain a COIDA certificate which is issued by the Department of Labour (DOL).COIDA certificate not made available upon request.	JDA pays annual COIDA subscriptions to the City. The City's COIDA certificate at group level covers all entities to ensure compliance. JDA via its HR Department has requested from the City a copy of the COIDA certificate.
POPIA Act, 2013	Section 19	Organizations to have adequate security measures in-place to preserve the integrity and confidentiality of personal information.	JDA is in the process of developing a POPI manual that will articulate information security, personal information protection and compliance, appointment of POPIA compliance representative etc. Completion date is expected by 30 June 2020.
EEA Act, 1998	Section 21	An employer to prepare a report that is based on the employment equity plan, for submission to the Department of Labour annually on 1 October.	Reports on employment equity plan are submitted as and when required, however the finding relates to submission of the Employment Equity Plan to Department of Labour. The Employment Equity Committee will be trained to develop the Employment Equity Plan by end of first quarter. The plan will be completed and submitted to DOL in the second quarter

Unauthorized, irregular, fruitless and wasteful expenditure must be compiled and adopted by municipalities and municipal entities to ensure compliance with Section 32 of the Municipal Finance Management Act, Act 56

of 2003 (MFMA) and MFMA Circular 68 dealing with unauthorised, irregular, fruitless and wasteful expenditure issued by National Treasury on 10 May 2013.

JDA has not incurred any fruitless, wasteful and unauthorized transactions in 2018/2019 with the exception of irregular expenditure. The JDA incurred irregular expenditure to the value of R 11,507,493.00 year to date for 2018/19. The nature of the irregular expenditure is as follows:

- The extension of the contract with Zeda Car Leasing (Pty) Ltd t/a Avis Fleet Services was not done in accordance with applicable legislation by the City of Johannesburg. JDA acquired the contract under regulation 32 of MFMA for five years which ended on the 31st of October 2017. Thus any expenditure incurred on a contract that was identified as irregular by the AG must be reported.
- The City is in the process of entering into a new contract following supply chain management regulations.
- Included in the operating expenditure is interest charged in an overdrawn sweeping account from CJMM. This refers to internal interest charged within the group and a request post year end for a write-off has been made. The value is in excess of the budget and therefore results in an irregular expenditure disclosure.

SECTION 8: INTERNAL AUDIT FUNCTION

The Internal Audit Function (IAF) subscribes to and accepts the mandatory nature of the definition of internal audit as defined by the International Standards for the Professional Practice of Internal Audit (“ISPPA”) which defines internal audit as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

The key objectives of the Internal Audit Function is to assist the Audit & Risk Committee in the effective discharge of their responsibilities, provide strategic support to the Chief Executive Officer (“CEO”) and management that contributes towards the establishment of adequate and effective systems of governance, risk management and internal control processes through providing value adding recommendations to improve the effectiveness and efficiency of the operations of the JDA.

It is within this context that the IAF strives to continuously strengthen and understand its stakeholders, their specific requirements and business drivers so that there is continuous strategic alignment and value add to long term and short term goals.

Progress made against the approved Annual Internal Audit Plan

Annual Audit Plan

The internal audit progress to which this section of the report relates to covers the period 1st July 2018 to 30th June 2019; the section of the report includes progress on the planned audit projects as well as special audit requests (if any) that were undertaken during the reporting period. In this reporting period, there were eighteen (18) audit planned. Of the eighteen (18) audits planned, 17 (94%) audits were completed; and 1 (6%) audit is in progress.

Probity Audits

In addition to the planned audits, internal audit conducted probity audits on twenty four (24) bids above the value of R5 million prior to awarding of the tender in the 2018/19 financial year. These twenty four (24) bids constitute a 100% of bids above R5million received by internal audit for review in 1st July 2018 to 30th June 2019.

Overall Performance

Overall there were forty two (42) audit projects and forty one (41) of these audits were completed in 2018/19 financial year, this translates into 98% completion of audit projects for 2018/19. All the areas for improvement identified through the audit efforts were communicated to management through the internal audit reports. Management continues to ensure that internal audit findings are resolved, through the implementation of recommendations and the agreed upon action plans. On a monthly basis, Internal Audit also conducts a follow-up on the implementation of internal and external audit recommendations. These reports are presented to both the Operation Clean Audit Committee and the Audit and Risk Committee, to monitor the progress made by management on the implementation of recommendations and action plans.

SECTION 9: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

The JDA and its Board subscribe to high ethical standards and principles. The leadership provided by the Board is characterised by the values of responsibility, accountability, fairness and transparency, and has been a defining characteristic of the JDA since its establishment in 2001.

The JDA's main objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the Board is sensitive to the interests and expectations of the JDA's stakeholders.

Code of Conduct

The JDA's code of conduct, which is fully endorsed by the Board, applies to all directors and employees. The code is consistent with schedule 1 of the Municipal Systems Act and the provisions of the CoJ corporate governance protocol for municipal entities.

The code is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism. Through its code of conduct, the JDA is committed to:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large.
- Fair commercial and competitive business practices.
- Eliminating discrimination and enabling employees to realise their potential through continuous training and skills development.
- Taking environmental and social issues into consideration.

- Ensuring that all directors declare any direct or indirect personal or business interest that might adversely affect them in the proper performance of their stewardship of the entity.

The code requires all staff to act with the utmost integrity and objectivity and in compliance with the law and company policies at all times. Failure to act in terms of the code results in disciplinary action. The code is discussed with each new employee as part of the induction process, and forms part of employees' annual declaration by confirming their compliance with the code.

A copy of the code is available to interested parties on request. Non-adherence to the code of ethics-related matters can be reported to a toll-free, anonymous hotline. Any breach of the code is considered a serious offence and is dealt with accordingly, which serves as a deterrent. The directors believe that ethical standards are being met and are fully supported by the ethics programme.

Declaration of interest

In accordance with its code of conduct, the JDA maintains a register of directors' declarations of interests. The register is updated annually and as and when each director's declared interests change. A register is circulated at every Board and Board committee meeting for the directors to declare any interest related to every matter discussed at a particular meeting. Furthermore a verification of declaration of interest for all JDA employees and the Board is conducted by an accredited service provider.

The JDA's employee code of ethics and terms and conditions of employment require all employees to complete declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the JDA, gifts and hospitality, and the status of their municipal accounts.

The JDA has a whistle-blowing hotline number, which it advertises in the offices and on its website. In addition, all JDA tender documents urge people to report fraudulent activities or maladministration by JDA employees on the hotline.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

SECTION 1.1: FINANCIAL PERFORMANCE

The overall year to date capex expenditure was R1, 04 billion (2017/18: R1.43 billion) against an annual budget of R1, 187 billion (2017/18: R1.55 billion). This translates to 88% (2017/18: 92%) of the total annual budget and 92% against the year to date target of 95% or R 1 127 billion.

This under-performance on expenditure was due to a combination of factors at the project implementation level, these include: Project delays on site including land readiness, SMME disputes and contractor performance; Projects not reaching development stages as planned; Construction challenges including projects with potential structural design risks that needed to be suspended in order to be investigated; procurement delays or disputes resulting in community stoppages on projects. Management is aware of the severity reflected in expenditure performance and is committed to address significant project risks earlier and more effectively, including through JDA’s stakeholder engagement guidelines and a project readiness assessment process.

Capital Budget Management⁵

TABLE20: OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2018/19 Annual Budget	Target YTD	Actual YTD	YTD Target %	% Actual / annual budget
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 187 863	1 128 469	1 043 429	92%	88%

Operating Budget Management⁶

⁵ This measures effective capital budget management, in particular expenditure against set targets for project delivery. Targets of 100% expenditure have been set in respect of all funding sources for the financial year.

⁶ This measures effective budget control of operating costs (indicated by budget variances). In respect of effective budget control of operating costs, a target of 0% over expenditure has been set.

TABLE 21: OPERATING BUDGET MANAGEMENT⁷

	2018/19	Year to date		% Achievement for Annual
	Adjusted Budget	Target	Actual	
	R' 000	R' 000	R'000	%
Revenue	110 510	110 510	99706	90%
Costs	110 510	110 510	99 000	90%
Net surplus/(deficit)	-	0	(198 706)	

SECTION 1.2: ORGANISATIONAL PERFORMANCE

The annual report has been prepared against the JDA's 2018/19 business plan and adjusted scorecard. On the JDA's 21 Strategic KPI's, the JDA achieved 52% targeted performance achieved, 14% performance target partially achieved and 33% performance target not achieved.

The focus on reporting on highlights and achievements are reflected for each of JDA's substantive programmes, as per the table below.

The JDA's programme performance information policy and reporting framework covers the procedures and content in the JDA's programme performance information management system. This includes for example, the definition of key performance areas and indicators and targets in the business planning process and the articulation of the link between programme objectives and results and the performance indicators and targets. The policy is supported by a programme performance reporting framework based on a comprehensive scorecard. This scorecard lists all of the output and outcome performance measures that the JDA should collect data on for a range of timeframes (quarterly, annually or periodically). From this reporting framework, the annual scorecard is developed and the performance targets are set.

The JDA policy and reporting framework only defines a target as achieved with a 95–100% rating, a target as partially achieved with an 80–94% rating and a target not achieved with 79% and less rating. Hence any less than 80% is regarded as not achieved.

⁷ This measures effective budget control of operating costs (indicated by budget variances). In respect of effective budget control of operating costs, a target of 0% over expenditure has been set.

TABLE 22 SUMMARY OF KPI PERFORMANCE

IDP Priority /	IDP programmes	No of KPI's	KPI Number (Ref)	Target Achieved (95% - 100% rating)		Target Partially Achieved (80% - 94% rating)		Target not Achieved (<79% rating)	
					%	Count	%	Count	%
<p>Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty</p> <p>Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.</p>	<p>Inner city regeneration, including key economic nodes</p> <p>Increased infrastructure investment (from both public and private sectors)</p> <p>Working to cut red tape and improve the ease of doing business in the City</p> <p>Residents live, work and play close to work, leisure and cultural opportunities</p> <p>Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure</p>	9	(1-2-3-4-5-6-7-8-9)	5	56%	1	11%	3	33%
IDP Priority 5: Create an honest and transparent City that fights corruption.	Increasing forensic investigative capability and controls	1	(10)	0	0%	1	100%	0	0%
IDP Priority 8: Enhance our financial sustainability.	Focusing on driving up capital expenditure investment in infrastructure	4	(11-12-13-14)	3	75%	1	25%	0	0%
Priority 8: Encourage innovation and efficiency through the Smart City programme.	Focused improvement of ICT equipment and software	1	(15)	0	0%	0	0%	1	100%
Day-to-day Programme	Other IDP or Day-to Day programmes	6	(16-17-18-19-20-21)	3	50%	0	0%	3	50%
		21		11	52%	3	14%	7	33%

Non-financial Performance

As a summary of the non-financial performance includes:

- The annual report has been prepared against the JDA's 2018/19 business plan and adjusted scorecard. On the JDA's 21 Strategic KPI's, the JDA achieved 52% targeted performance achieved, 14% performance target partially achieved and 33% performance target not achieved.
- The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. For 2018/19 financial year, the overall BBBEE share of expenditure was R1 079 203 801.22 . This constitutes an achievement of 106% per cent.
- The JDA reports on the SMME share of both actual expenditure and contractual commitments for all active contracts. The table below shows the SMME share of capital and operating expenditure. The SMME share of JDA's operating and capital expenditure was R293 343 187.37 for 2018/19 financial year. This constitutes an achievement of 29% for the period under review (Capex 279 170 768.01 or 29 %; Opex R 14 172 419.36 or 22%).
- The revised JDA staff establishment and organogram was approved by the Board on the 28th of August 2017. Of the 112 positions, 15 are vacant and 13 are unfunded and will be kept in the abeyance until funds become available.
- A total of 493 EPWP opportunities supported by reliable supporting evidence, such as identity documents, attendance registers and proof of payments were reported against the annual target of 1500.

As a summary of reasons for non-performance includes:

- The JDAs expenditure target was partially achieved whereas performance on other project KPI targets was low.
- The JDA's capex expenditure is a cumulative annual target across all projects, whereas the project KPI targets are determined per each projects development lifecycle.
- The reasons for the non-achievement of project KPI targets include:
 - Delays in the completion of prefeasibility studies as input to the concept design;
 - Unsuitable land parcels identified / supplied to the JDA for project implementation;
 - Delays in securing consent from client departments;
 - Delays in securing power of attorney;
 - Projects in which budgets were either cut or removed in the City's budget adjustments which hindered the JDA in progressing on to future development milestones and/or implementation stages;
 - Delays on site, e.g. work stoppages, amending construction approaches, days lost to rain delays all caused overrun and also misaligned performance management regarding the delivery of milestone.

- However, as reflected in the scorecard below, in most cases the project delivery milestones were still achieved, albeit outside the targeted quarterly dates. In order to mitigate and to improve how the JDA achieves on performance targets, greater attention will be placed on both aligning and overseeing the project planning, procurement planning and operational planning with the performance management processes in the 2019/20 financial year

SECTION 1.3: EPWP PERFORMANCE

The Expanded Public Works Programme is one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed. The EPWP is a nationwide programme covering all spheres of government and SOEs. The programme provides an important avenue for labour absorption and income transfers to poor households, in the short to medium-term. EPWP projects employ workers on a temporary or ongoing basis with government, contractors, or other non-governmental organisations under the Ministerial Conditions of Employment for the EPWP or learnership employment conditions.

Of the four sectors, namely infrastructure, non-state, environment and culture and social, the JDA creates EPWP work opportunities by increasing the labour intensity of government-funded infrastructure projects.

In the 2018/19 financial year, JDA experienced a challenge with EPWP work opportunities being reported on the EPWP database on JDA projects that were not always supported by reliable supporting evidence, such as identity documents, attendance registers and proof of payments. This resulted in the JDA having to reconcile the number of EPWP work opportunities reported with supporting evidence.

Therefore, throughout the financial year the JDA followed-up repeatedly with the relevant contractors, community liaison officers and community participation consultants, to gather the supporting evidence. The process resulted in either, reconciling what was reported on the project EPWP database all supporting evidence or removing or reducing the number of EPWP work opportunities reported due to fact that not all the necessary supporting evidence could be reconciled.

This process of reconciliation of reported versus what had supporting evidence is captured in the table below.

TABLE 23: EPWP PERFORMANCE

JDA Programme	Q1 Number of EPWP Opportunities created	Q2 Number of EPWP Opportunities created	Q3 Number of EPWP Opportunities created	Q4 Number of EPWP Opportunities created		2018/19 YTD Number of EPWP Opportunities created	
	Q1 Reported & Evidence Reconciled	Q2 Reported & Evidence Reconciled	Q3 Reported & Evidence Reconciled	Q4 Reported	Q4 Reported + Additional with Evidence Reconciled	Q1 + Q2 + Q3 + Q4 Reported	Q1 + Q2 + Q3 + Q4 Reported + Additional with Evidence Reconciled
1	13	18	0	3	0	34	31
2	88	43	65	0	62	196	258
3	8	77	66	36	47	187	198
4	0	0	0	0	6	0	6
Total	109	138	131	39	115	417	493

SECTION 1.4: PROJECTS IN CONSTRUCTION PHASE

The following projects did not feature in the JDA's scorecard as they did not fall within KPI classification within the current year. Many of these projects are multi-year projects and were either in the construction phase for the duration of the financial year, or were studies and related activities performed for client departments. These projects include:

- Braamfischerville Ext 12&13: Roads and Stormwater Management Systems including a Pedestrian Bridge New Bulk Infrastructure BRAAMFISCHERVILLE EXT.13 C Ward
- Jabulani TOD (Phase 6a and b, Phase 7)
- Orchards Clinic
- Brixton Social Cluster: Work Package 1 and 2

SECTION 2: SERVICE DELIVERY CHALLENGES

Given the spatial, socio-economic and political environment in which the JDA operates, there are often challenges that affect area-based development and the JDA's ability to facilitate common economic and social objectives.

By the end of the 2018/19 financial year delivery was affected in several projects. Some of these issues are highlighted below:

- In the period under review, several JDA projects were delayed as a result of community issues. Projects were delayed or even shut down in the event of disputes between SMMEs onsite or from other not appointed. In other cases, issues beyond the project itself but affecting the community can cause project delays. The financial impact of SMME or Community disputes translates into a potential loss of 5% of total expenditure. Where necessary the JDA sought assistance in such matters from the Regional Director, the Department of Development Planning, the Office of the Speaker of Council and where necessary the Johannesburg Metropolitan Police Department. Our aim is for solutions to be implemented that will limit the impact of community unrest during project implementation.
- Delays in the finalisation of the agreement regarding the Post Office land have impacted on the Kazerne Intermodal Public Transport Facility, now called the Johannesburg International Transport Interchange (JITI). Although the construction is underway there is not as yet finalization of the agreement regarding the Post Office portion of land which forms part of the JITI development. The matter is sitting with JPC to expropriate the land.
- Basil Read, the main contractor on the JITI project, and Group Five the appointed contractor on Selby Phase 2b Depot entered into voluntary business rescue, as provided for by Section 129 of the Companies Act. The JDA was forced to appoint new contractors to ensure that implementation of these facilities continues.
- The JDA had to terminate the contract of the non-performing main contractor on some projects, including Florida Clinic and Braamfischerville. This has both resulted in serious delays on these projects and has put pressure on the available funding to complete as much as possible within the financial year.
- There was a fatality by a public member on-site in the project Soweto Stations NMT Links: Merafe. It was reported that a body of the deceased was found on-site on Sunday, June 02, 2019. The incident was reported to the Johannesburg Development Agency on Monday, June 03, 2019 by the Lead Engineer. The Department of Labour was also notified. While the investigation was carrying on the unaffected portion of the site was reopened on Friday, Jun 14, 2019 for the contractor to resume duties. On Tuesday, June 25 2019, the JDA received a correspondence from the Department of Labour advising that they were no contraventions by the contractor meaning all the safety measures were followed by the contractor on-site concerning the incident.
- Various factors hampered the JDA to successfully implement projects which, in turn, has a material impact on the JDA capex expenditure. A factor worth highlighting is the project readiness of projects the JDA accepts. Projects are not implementable if the scope, land, planning permissions, technical studies and community acceptance are not in place, to name a few. The financial impact of project readiness not being in place translates into a potential loss of 5% of total expenditure

SECTION 3: RESPONSE TO STRATEGIC DIRECTION

A summary of the JDA’s key focus areas are in response to the GDS 2040, the SDF and the priorities of New Strategic Agenda are outlined below:

The JDA forms part of the City’s Economic Growth Cluster and plays both a direct and indirect role in regards to the following Mayoral Priorities against which it can be measured and held accountable, as outlined in the table below:

TABLE 24: JDA OBJECTIVES ALIGNMENT TO COJ PRIORITIES

COJ PRIORITIES	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.
JDA OBJECTIVES		
To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects	<ul style="list-style-type: none"> • Increase Infrastructure development expenditure • Urban Regeneration of Key Nodes in particular the Inner City, Randburg, etc. • The JDA promotes green building technologies such as solar water heating, efficient lighting and sustainable urban drainage systems in its designs and projects. 	<ul style="list-style-type: none"> • (Renew and regenerate) The inner city and other key nodes <ul style="list-style-type: none"> • Corridor Development and social housing • Reduced cost/ capita of infrastructure • The continued roll-out of the Rea Vaya BRT infrastructure and service.
To support the growth and development of strategic economic nodes into high-quality, investor friendly and sustainable urban environments	<ul style="list-style-type: none"> • Increased infrastructure investment (from both public and private sectors) • Invest time and resources on development facilitation necessary in the key nodes and precincts in the Inner City and along the corridors to catalyse development. • Nodal developments designed to respond to local conditions, needs and advantages, and to achieve economic, social and sustainable development outcomes. • Stakeholder Engagement Framework - The JDA’s framework is used to engage communities in all its development areas and enable the City to keep stakeholders informed, making sure there is accurate understanding of the impact of City developments in their area. 	<ul style="list-style-type: none"> • Increased densities, increase access to food, reduced spending on travel resulting in more disposable income • The JDA also plays a strong facilitation role in Alexandra by working with local and governmental stakeholders to co-produce solutions and develop a shared vision for development implementation. • Corridor development underpinned by good public transport backbone for mixed use, mixed income development
To promote economic empowerment and transformation through the structuring and procurement of JDA developments	<ul style="list-style-type: none"> • JDA policy reserves a percentage of the value of all construction contracts for local SMMEs. 	<ul style="list-style-type: none"> • JDA policy reserves a percentage of the value of all construction contracts for local SMMEs.

COJ PRIORITIES	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.
JDA OBJECTIVES		
	<ul style="list-style-type: none"> • Small and medium business growth • Promote informal sector growth as a path to small business <ul style="list-style-type: none"> • Skills development 	<ul style="list-style-type: none"> • Projects will also be packaged to create opportunities for local SMMEs in line with the local job creation principles. • The JDA will work with the Department of Economic Development to explore opportunities to support locally produced green building and infrastructure products. • Enterprise Development Programme - The JDA continues to create jobs and economic development opportunities for small businesses through its construction programme. The programme has a new approach to contracting in selected developments, with a managing contractor responsible for subcontracting local SMME construction companies, and ensuring skills transfer within a construction contract period. • Through its construction work, JDA will seek to optimise the number of local construction jobs created. • In addition to the normal JDA practice of reserving a percentage of the value of all construction contracts for local SMMEs, projects will also be packaged to create further opportunities for local SMMEs.

The JDA's current business plan represents a spatial response to specific Priority Transformation Areas as outlined in the City of Johannesburg's Spatial Development Framework 2040.

TABLE 25: SDF PRIORITY TRANSFORMATION AREAS AND CORRESPONDING JDA DEVELOPMENT REGIONS

SDF Priority Transformation areas	Corresponding JDA Regional Classification
Strengthening the metro core	Inner City and the Old South (including Turffontein and Mining Belt)
Unlocking Soweto	Greater Soweto (including Lenasia, Eldorado Park, Nancefield)
Consolidating public transport backbone	The Transit-Oriented Development Corridors: Empire-Perth Corridor and Louis-Botha Corridor
OR Tambo Corridor	Alex and the OR Tambo Corridor (includes Randburg, Sandton, Cosmo City, Modderfontein, Frankenwald)
Addressing marginalisation	Marginalised Areas – Diepsloot, Ivory Park, Orange Farm

The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and with other client departments. The JDA responds to the above development priorities as the agency co-ordinates and manages its activities through its five substantive programmes. In addition, we ensure good governance of the organisation through an Operational Focus area, resourced to support the optimal performance of the substantive programmes.

TABLE 26: SUMMARY OF JDA SUBSTANTIVE PROGRAMMES

JDA Substantive Programme	Purpose	Corresponding JDA Regional Classification
1: Inner city transformation programme	Guided by the Mayoral Priority on the Inner City and the Inner City Roadmap the JDA will focus on strengthening the position of the inner city as a critical business and residential node and the primary gateway to transit networks for the city; financial services networks for the City Region; and cross-border trade networks for the African continent. The JDA will continue to implement a phased plan to strengthen inner city precincts, address movement challenges, and improve the quality of the built environment across the inner city. The activities include managing the development of the Johannesburg inner city through capital investments in selected precincts, by overseeing integrated investments by other departments and entities, and by facilitating partnership initiatives.	<ul style="list-style-type: none"> • Inner City and the Old South (including Turffontein and Mining Belt)
2: Strategic economic node programme	The objective is to develop nodes that are compact, walkable, liveable, mixed use and mixed income areas and centres around which to density. They should be areas where people can live, work and play and have good access to public transit. Guided by the CoJ policy on the categorizing of the current city nodes with prospects for growth, the work of the programme is to promote densification, diversification and development in these nodes. The main categories of nodes are: mixed-use/key urban nodes (under various categories), industrial nodes, Transit Oriented Development (TOD) nodes and neighbourhood nodes.	<ul style="list-style-type: none"> • Greater Soweto, (including Lenasia, Eldorado Park, Nancefield) • Empire-Perth Transit Oriented Development (ToD) corridor • Louis-Botha Transit Oriented Development (ToD) corridor • Alexandra and the OR Tambo Corridor (includes Randburg, Cosmo City, Modderfontein, Frankenwald)
3: Public infrastructure delivery programme	The objective is to effectively and efficiently deliver social and economic infrastructure projects by focusing on two basic questions: how can the City prioritise the key infrastructure projects that provide the optimal social and economic benefit for City and communities; and once these projects are identified, how can stakeholders work together to accelerate the implementation of these projects most effectively and efficiently. This work includes overseeing capital investments by other departments and entities, and facilitating partnership initiatives. This programme includes the continued roll-out of the Rea Vaya BRT infrastructure and service.	<ul style="list-style-type: none"> • Greater Soweto, (including Lenasia, Eldorado Park, Nancefield) • Alexandra and the OR Tambo Corridor (includes Randburg, Cosmo City, Modderfontein, Frankenwald) • Empire-Perth Transit Oriented Development (ToD) corridor • Louis-Botha Transit Oriented Development (ToD) corridor

JDA Substantive Programme	Purpose	Corresponding JDA Regional Classification
		<ul style="list-style-type: none"> Marginalised Areas – Diepsloot, Ivory Park, Orange Farm
4: Greater Alex and Alexandra Renewal Programme (ARP)	The Alexandra Renewal Project (ARP) was established to coordinate intergovernmental activities to develop Alex. Manage the development of Alexandra through capital investments, overseeing integrated investments by other departments and entities, and facilitating community based initiatives and local economic development strategies. Most of the work involves human settlement development projects such as hostel upgrading, housing development and the construction of community facilities	<ul style="list-style-type: none"> Alexandra and the OR Tambo Corridor (includes Randburg, Sandton Cosmo City, Modderfontein, Frankenwald)
5. Economic Empowerment Programme	A cluster of the JDA's economic development programmes that aims to (i) Develop skills and capacity within the construction industry in Johannesburg (ii) Optimise the JDA's contribution to inclusive economic growth and empowerment, and the transformation of the construction industry; and (iii) establish a monitoring and reporting system to measure the impact of the JDA's managing contractor development programme.	<ul style="list-style-type: none"> All

TABLE 27: SUMMARY OF THE JDA OPERATIONAL PROGRAMME

JDA Programme	Programme Purpose
6: Good Governance, Management and Administration	This programme manages the governance, admin and operational functions and improves efficiency through Finance, Governance, Risk and Compliance, Supply Chain Management and IT.

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

Not applicable to the JDA

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES


The JDA's progress towards achieving its KPIs is assessed using the performance scorecard, which measures performance in terms of both the JDA's service delivery mandate and financial and other resource management processes. The scorecard targets, which are set and agreed on by JDA management, the Board and the Shareholder, aim to improve the JDA's performance and efficiency, and achieve longer-term goals for specific developments, such as area-based revitalisation.

The JDA policy and reporting framework only defines a target as achieved with a 95–100% rating, a target as partially achieved with an 80–94% rating and a target not achieved with anything less than a 79% rating. Hence anything less than 80% is regarded as not achieved.

Performance per programme and per KPA are summarised in the table below:




TABLE 20: SCORECARD

Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty & Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.


National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
Inner city regeneration, including key economic nodes Increased infrastructure	1) Number of pre-feasibility plans or studies ⁸ produced, reviewed or updated	8	13 Number of pre-feasibility plans or studies produced, reviewed or updated (cumulative)	12	1		Target partially achieved. There were twelve pre-feasibility plans or study produced, reviewed or updated in 2018/19 financial year. The following project did not achieve the pre-feasibility plan or study produced, reviewed or updated as planned: Louis Botha - Co - Production zone for social interventions

⁸ Detailed local area plans, detailed local area implementation plans or area-based studies


TABLE 19: KPI ACHIEVEMENT RATINGS

Achievement	Rating
	Target achieved (95–100% rating)
	Target partially achieved (80–94% rating)
	Target not achieved (<79% rating)


National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual		Variance		Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
investment (from both public and private sectors) Residents live, work and play close to work, leisure and cultural opportunities Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure									Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional.
			Projects	Q1	Q2	Q3	Q4		
			Land Readiness Assessments for three JDA Development Projects (Zandspruit Clinic, Princess Clinic and alternative site for Alex REA VAYA Bus Depot)		X	X	X	Target achieved	Completed
			Public Art Programme for two JDA Development Areas				X	Target achieved	Completed
			Lenasia CBD Development Plan Review and Implementation Framework				X	Target achieved	Completed
			Milpark social housing study				X	Target achieved	Completed
			Lib. Johannesburg Library (Centre of Excellence) JOHANNESBURG F				X	Target achieved	Completed
			Old Pretoria Road (Alex to Ivory Park)				X	Target achieved	Completed
			Louis Botha - Co - Production zone for social interventions Renewal Corridors of				X	Target was not achieved	There were delays incurred due to budget confirmation as well as prolonged tender evaluation of the submissions which had to take into consideration project scope change. The appointment of all the professionals was finalised in


National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)		
			Freedom Intervention ORANGE GROVE E Regional					third quarter. Concept design has been finalised and planned to be presented in July 2019 to EXCO. Great effort will be made in project oversight to ensure adherence to milestone deadlines.	
			Transport Feasibility Studies for two JDA Development Areas ⁹			X	Target achieved	Completed	
	2) Number of area-based or sector based partnerships formalised or partnership programmes implemented	7	4 area-based or sector based partnerships formalised or partnership programmes implemented (cumulative)	4	-			Target was achieved. There were four area-based or sector based partnerships formalised or partnership programmes implemented in 2018/19 financial year.	
			Projects	Q1	Q2	Q3	Q4		
			TUHF – Sectional Title Pilot Project		X			Target achieved	Completed
			Our City Our Block – Hillbrow Theatre Partnership				X	Target achieved	Completed
			Our City Our Block – Indlulamithi Routes Partnership				X	Target achieved	Completed
			Norwood Partnership				X	Target achieved	Completed

⁹ The target on the Mid-Year Adjusted Scorecard of the "Transport Feasibility Studies for **two** JDA Development Areas" was incorrectly worded. Instead of "Transport Feasibility Studies for **three** JDA Development Areas"; the target numeric figure is correct as 3; since there were three Transport Feasibility Studies planned and achieved.

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.								
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.								
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual		Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
	3) Number of projects at concept design phase	14	14 projects at concept design phase (cumulative)	14		-		Target was achieved.
			Projects	Q1	Q2	Q3	Q4	
			Banakekeleni Hospice New Clinic ALEXANDRA EXT.38 E Ward		X			Target achieved Completed
			COMPL: Sidewalk Improvements: Tshiawelo Metrorail Station Link: Mhlaba / C Hani New Nodal Transport Facilities CHIAWELO D City Wide			X		Target achieved Completed
			Lehae MPC New Construction LEHAE G			X		Target achieved Completed
			Marlboro South Light Industrial Business Hub_Skills Development Centre			X		Target achieved Completed
			Park Station to Civic Centre PEU (Park Station Regeneration)			X		Target achieved Completed
			PTF: Small Public Transport Facility Design and Construction of Kya Sand Superstop New Nodal Transport Facilities KYA SAND			X		Target achieved Completed

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
			Regeneration of Lenasia CBD and Anchorville Industrial Hub – Region G			X	Target achieved Completed
			Roodeport CBD regeneration Renewal Precinct Redevelopment REGION C			X	Target achieved Completed
			Small: Public Transport Facility in Zakariya Park Region G			X	Target achieved Completed
			Aqua - Construction of the IVORY PARK new swimming pool EXT.2 A Ward			X	Target achieved Completed
			Construction of a new MPC in Matholesville New Community Centre MATHOLESVILLE C Regional			X	Target achieved Completed
			Rec - Construction of the new multipurpose centre (Library included) at Kaalfontein (Ebony Park) New Community Centre KAALFONTEIN EXT.4 A Ward			X	Target achieved Completed
			Rec- Construction of Drieziek MPC (ACH and Sports and Recreation)			X	Target achieved Completed
			Complete Streets: (KFW - German Development Bank): Orlando East to UJ			X	Target achieved Completed

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.								
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.								
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual		Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
			Soweto Route					
	4) Number of projects at detailed design phase	18	7 projects at detailed design phase (cumulative)	5		2		Target was not achieved. The following projects did not achieve the Detailed Design Phase Target as planned: PTF: Small Public Transport Facilities: Tshepisonong and PTF: Small Public Transport Facility Design and Construction of Kya Sand Superstop New Nodal Transport Facilities KYA SAND.
			Projects	Q1	Q2	Q3	Q4	
			COMPL: Sidewalk Improvements: Dube NMT Links: DUBE D City Wide			X		Target achieved Completed
			Inner City Partnership Fund		X			Target achieved Completed
			PTF: Small Public Transport Facilities: Vlakfontein				X	Target achieved Completed
			PTF: Small Public Transport Facilities: Tshepisonong				X	Target was not achieved Approval of Detailed Design report delayed due to change of scope and pending further town planning processes; two of the proposed locations are on community development zoned properties. This has subsequently led to prolonged town-planning processes and the internal CoJ site allocation process. COJ Transport also with the scope change approved a different site than was catered for in the detailed designs; this has led to further delays in finalizing the detailed designs and appointment of the main contractor. The professional team is currently investigating the viability of the proposed change. Process will be fast-tracked to ensure construction commences within the first quarter of the 2019/20 financial year. Detailed design will

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.								
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.								
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)	
							only be approved post town planning processes. Great effort will be made in project oversight to ensure adherence to milestone deadlines.	
			PTF: Small Public Transport Facility Design and Construction of Kya Sand Superstop New Nodal Transport Facilities KYA SAND			X	Target was not achieved A draft concept design was developed as opposed to a detailed design. Delays were due to the fact that the final detailed design is reliant on securing land for the transport facility which has not been finalised. The project is a multi-year project and detailed design is anticipated to be finalized by second quarter of 2019/20 financial year. Great effort will be made in project oversight to ensure adherence to milestone deadlines.	
			Small: Public Transport Facility in Zakariya Park Region G			X	Target achieved Completed	
			Naledi clinic New Building NALEDI D			X	Target achieved Completed	
	5) Number of contracts awarded	19	20 contracts awarded (cumulative)	15	5		Target was not achieved. The following 5 projects did not achieve the Contract Award Phase Target; Heritage Walkway Landscaping, OTHER: BMC, Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E, PTF: Small Public Transport Facilities: Tshepisong and Greenstone to Watt (Stops and roadworks and pick up platforms at Mall). Great effort will be made in project oversight to ensure adherence to milestone deadlines	
			Projects	Q1	Q2	Q3	Q4	
			Alexandra Sports and Youth	X				Target achieved Completed

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
			Development_SAFA Safe Hub Facility				
			COMPL: Sidewalk Improvements: Dube NMT Links: DUBE D City Wide		X	Target achieved	Completed
			Gandhi Square East			X	Target achieved Completed
			Inner City Partnership Fund			X	Target achieved Completed
			Heritage Walkway Landscaping			X	Target was not achieved There were delays experienced due to the prolonged stakeholder participation processes in approvals of concepts with relevant City entities. This has impacted negatively on project milestones and timelines. The tender for the main contractor was advertised on the 24 th June 2019; and closing on the 24 th July 2019. Construction of work is anticipated for completion in the fourth quarter of 2019/20 financial year.
			OTHER: BMC	X		Target was not achieved	There were delays in Client Department confirmation of project scope. The tender for the main contractor closed on the 3 rd September 2018. Prolonged tender evaluation processes in relation to evaluation of the received submissions, where information seeking clarity was requested prior to concluding the evaluation process of the bidders. The report was approved by BAC on the 28 th November 2018. There was objection by one of the bidders which has not been resolved. The matter has been escalated to CoJ Group Legal for further advice and investigation. Subsequently this has become a legal matter.. The project is

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.								
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.								
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)	
							on hold until the possible litigation processes are concluded.	
			OTHER: ICT	X		Target achieved	Completed	
			Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E		X	Target was not achieved	The project was delayed by the protracted signing of the wayleave by City Parks. Therefore geotechnical studies could not be concluded for material testing, and as a result the detailed designs could not be approved by JRA. The signing of the wayleave has been resolved. BAC Report for appointment of main contractor was tabled for approval in May 2019, the report was thereafter submitted to Internal Audit for review; currently awaiting management comments on issues raised. Meeting with project consultants was convened on the 3 rd July 2019 to discuss the way forward. The main contractor appointment is anticipated to be finalised by the first quarter of 2019/20 financial year.	
			Paterson Park: Work Package 3 - Multipurpose Centre and Sports Facilities		X	Target achieved	Completed	
			PTF: Small Public Transport Facilities: Tshepisoong			X	Target was not achieved	Approval of Detailed Design report delayed due to change of scope and pending further town planning processes; two of the proposed locations are on community development zoned properties. This has subsequently led to prolonged town-planning processes and the internal CoJ site allocation process. COJ Transport also with the scope change approved a different site than was catered for in the detailed designs; this has led to further delays in finalizing the detailed designs and appointment of main contractor.

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
							The professional team currently investigating the viability of the proposed change, process will be fast-tracked to ensure construction commences within the first quarter of the 2019/20 financial year. Detailed design will only be approved post town planning processes. Great effort will be made in project oversight to ensure adherence to milestone deadlines.
			Large: Public Transport Facility Redevelopment of Kazerne, NEWTOWN EXT.1 Region F			X	Target achieved Completed
			Greenstone to Watt (Stops and roadworks and pick up platforms at Mall)			X	Target was not achieved Project and budget confirmations were not timeous provided by the Client Department. The budget was only approved post the mid-year adjustment process. Thereafter could the procuring the new professional team to commence. This delay impacted the design phase and in-turn the ability of the project to reach contact award target. Procurement processes for the appointment of the main contractor is at an advanced stage, the BAC Report was tabled at the BAC Meeting scheduled for the 06 th July 2019.
			Selby Depot (2b)			X	Target achieved Completed
			Selby Depot (2c)			X	Target achieved Completed
			Bopelong Clinic			X	Target achieved Completed


National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.								
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.								
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)	
			Braamfischerville Ext 12&13:Roads and Stormwater Management Systems including a Pedestrian Bridge New Bulk Infrastructure BRAAMFISCHERVILLE EXT.13 C Ward			X	Target achieved	Completed
			Claremont Renewal Clinic CLAREMONT B Ward			X	Target achieved	Completed
			Florida Clinic New Clinic FLORIDA EXT C Ward			X	Target achieved	Completed
			Jabulani TOD: Phase 6b - Safe Hub			X	Target achieved	Completed
			Jabulani TOD: Phase 7 - Safe Hub			X	Target achieved	Completed
			6) Number of projects at practical completion	22	22 projects at practical completion (cumulative)	15	7	



National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.										
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.										
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual				Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
				Q1	Q2	Q3	Q4			
										stations - "Mzimbhlophe". Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Projects							
			Alex NMT and Loop(Phase 1C(a) requirements including Alex Phase 3 walk links)				X		Target achieved	Completed
			4th Avenue Clinic Renewal		X				Target achieved	Completed
			Alexandra Automotive Hub		X				Target achieved	Completed
			Alexandra Depot - Phase 1				X		Target was not achieved	Delays were due to the on-going work stoppages by SMMEs and regular community disruptions, neighbouring shack dwellers encroaching on the site boundary and occupying some of the servitudes. There was a design change brought about by having to relocate the main project site attenuation pond that was positioned along the foot-print which had a number of illegal dwellers; this resulted in several weeks of work production loss. The construction of this project will continue in 2019/20 financial year and is scheduled to be completed by the first quarter. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Claremont Renewal Clinic CLAREMONT B	X					Target achieved	Completed

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
			Ward				
			CORR - Louis Botha Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction and Upgrading Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional			X	Target achieved Completed
			CORR - Empire Perth Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2			X	Target achieved Completed
			CORR - Turffontein Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2			X	Target achieved Completed
			Corridor branding - public art and place-			X	Target achieved Completed

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
			making programme				
			EBONY PARK Renewal Clinic EBONY PARK A Ward	X		Target achieved	Completed
			Florida Clinic New Clinic FLORIDA EXT C Ward		X	Target was not achieved	Practical completion delayed due to poor performance of the main contractor; the contract was subsequently terminated. The newly appointed contractor took occupation of the site on the 18 th June 2019. Project works to be expedited to ensure practical completion is achieved by December 2019.
			ITS (Fibre Loop and CCTV)			X	Target achieved Completed
			Jabulani TOD: Phase 6a - Safe Hub			X	Target achieved Completed
			Noordgesig - Social Precinct Implementation: Phase 1 – Library		X	Target achieved	Completed
			Heritage Walkway Landscaping			X	Target was not achieved The practical completion has been delayed due to the prolonged stakeholder participation processes in approvals of concepts with relevant City entities. This has impacted negatively on project milestones and timelines. The tender for the main contractor was advertised on the 24 th June 2019; and closing on the 24 th July 2019. Construction of work is anticipated for completion in the fourth quarter of 2019/20 financial year.
			Phase 1C Stations			X	Target achieved Completed
			Section 15 Phase 2			X	Target achieved Completed


National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
			(Close - out // Louis Botha Mixed)				
			Westbury TDC			X	Target achieved Completed
			Minor works at various recreational facilities: Citywide			X	Target was not achieved The practical completion has been delayed due to failure by the client department to identify facilities for minor upgrades on time. The construction of this project will continue in 2019/20 financial year and is scheduled to be completed by the second quarter. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Knowledge Precinct: Auckland Park Pedestrian Crossing New Precinct Redevelopment AUCKLAND PARK B City Wide (MILPARK BRIDGE)			X	Target was not achieved Construction contract was awarded and the commencement date was the 12 th January 2018. Construction was halted on the 12 th July 2018, due to financial constraints. Construction restarted on the 7 th January 2019 following resolution of the financial constraints. The construction of this project will continue in 2019/20 financial year and is scheduled to be completed by the first quarter (10 th July 2019). Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Complete Streets: NMT Facilities Linking Railway stations – “Marafi”			X	Target was not achieved The practical completion has been delayed due to stoppages for 4 months due to demands from SMMEs to restart the selection process for SMMEs. Site handover was held on the 25 th January 2019. A fatality occurred on site on the 6 th June 2019; resulting in site closure during the investigations. The embargo was

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
							lifted on the 14 th June 2019. However the affected site area of where the incident happened had to remain closed up until the embargo was lifted. The construction of this project will continue in 2019/20 financial year and is scheduled to be completed by the first quarter (23 rd July 2019). Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Complete Streets: NMT Facilities Linking Railway stations - "Mzimhlophe"			X	Target was not achieved The practical completion has been delayed due to stoppages for 4 months due to demands from SMMEs to restart the selection process for SMMEs. Site handover was held on the 25 th January 2019. Construction commenced on the 10 th May 2019. The construction of this project will continue in 2019/20 financial year and is scheduled to be completed by the first quarter (23 rd July 2019). Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
	7) Number of Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks programmes	5	1 Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks programmes implemented	1	-		Target was achieved.


National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
	implemented						
	8) Number of JDA Communication and Media related Initiatives	104	220 JDA Communication and Media related Initiatives (cumulative)	392	172		Target was achieved. <ul style="list-style-type: none"> ○ During the first quarter there was a total of 6 press media releases issued and a total of 35 social media posts. ○ During second quarter there was a total of 6 press media releases issued and a total of 109 social media posts. ○ During the third quarter there was a total of 4 press media releases issued and a total of 78 social media posts. ○ During the fourth quarter there was a total of 12 press media releases issued and a total of 142 social media posts.
	9) Number of area or project baseline, impact or case study performance assessments completed	6	4 area or project baseline, impact or case study performance assessments completed (non-cumulative)	4	-		Target was achieved.

Priority 5: Create an honest and transparent City that fights corruption.

National outcome: Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world.							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)

National outcome: Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world.							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
Increasing forensic investigative capability and controls	10) Percentage resolution of Auditor General ¹⁰ and Internal Audit findings ¹¹)	Clean Audit Opinion	100% resolution of Auditor General ¹¹ and Internal Audit findings (cumulative)	83% 89%	17% 11%		Target was partially achieved. Management will continue to ensure progress in resolving all audit findings. Operation Clean Audit (OPCA) Committee has been established by management and monthly meetings are held to address progress towards resolving all audit findings. On a quarterly basis reports on the progress made towards resolving all audit findings are provided to the Audit and Risk Committee whereby the committee ensures that management addresses all audit findings.




Priority 7: Enhance our financial sustainability.

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs. Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
Focusing on driving up capital expenditure investment in infrastructure	12) Percentage of budget spent on city-wide infrastructure ¹²	95%	95% budget spent on city-wide infrastructure (cumulative)	88%	7%		Target partially achieved.


¹⁰ From the previous financial year

¹¹ From the previous financial year

¹² Cumulative and as determined at mid-term adjustment budget

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs. Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
	13) Percentage of JDA capital budget spent ¹³	New KPI	95% spent JDA capital budget (cumulative)	97.11%	2.11		Target achieved.
	14) Number of solvency and liquidity ratio benchmarks achieved ¹⁴	New KPI	2 solvency and liquidity ratio benchmarks achieved	2	-		Target achieved.
	15) Percentage of valid invoices paid within 30 days of invoice date 16)	New KPI	98% of valid invoices paid within 30 days of invoice date	95%	3%		Target achieved.

Priority 8: Encourage innovation and efficiency through the Smart City programme.

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system.							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
Focused improvement of ICT	17) Percentage Operationalisation and	New KPI	95% operationalisation and optimisation of ERP System (SAP) ¹⁵	0%	95%		Target not achieved. The Implementation Progress Report of JDA operationalisation



¹³ Cumulative and as determined at mid-term adjustment budget




¹⁴ Liquidity (current ratio) - City benchmark for liquidity of 1:1 & Solvency Ratio - City benchmark for solvency of 2:1

¹⁵ As defined by implementation plan and change management plan

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system.							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence.							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
equipment and software	optimisation of ERP System (SAP 18)		(cumulative)				and optimisation programme of ERP System (SAP) was presented to JDA EXCO on the 4th October 2018. The implementation of this project will continue in 2019/20 financial year. Thereafter, the JDA is part of the City's greater implementation plan and is on release 2, with an expected full integration completion date of July 2019. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.


Day-to-day Programme

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence							
IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2018/19	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2019)
Other IDP or Day-to Day programme/s	19) Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure	97%	100% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure	106%	6%		Target achieved.
	20) Number of EPWP	1500	1500 EPWP opportunities created (cumulative)	493	1007		Target was not achieved. The Board and management is aware of the severity reflected

	opportunities as created ¹⁶						by low figures reported to date and will be monitoring more closely to ensure that progress on EPWP projects and EPWP reporting is prioritized. To address the poor performance. Management is committed to ensure that internally an EPWP Champion is identified to address greater EPWP performance, i.e. more EPWP sub-projects and EPWP compliance, i.e. ensuring all the necessary evidence, as required by the Department of Public Works and by the Auditor General is provided. In addition, the JDA is amending the contract governing the construction contracts, which hold the service provider to account on their contractual EPWP commitments.
	21) Percentage of SMME expenditure as a share of total expenditure	30%	30% SMME expenditure as a share of total expenditure	29%	1%		Target achieved.
	22) Percentage spend on JDA operating budget against approved operating budget	97%	95% spend on JDA operating budget against approved operating budget (cumulative)	90%	5%		Target achieved.
	23) Percentage implementation of the strategic risk management action plan findings resolved	95%	95% implementation of the strategic risk management plan findings resolved ¹⁷ (cumulative)	63%	32%		Target was not achieved. Rescheduling of implementation dates due to various reasons e.g. Budget adjustment confirmation. Dependency on City's Policies, Frameworks etc. Protected processes on the reviewing of Policies which resulted in delays in implementing internal controls. Loss of critical personnel in crucial time periods which impacted on performance of planned activities. Implementation of rescheduled activities will be closely monitored and progress reported upon a monthly basis to ensure that the control

¹⁶ Paid work for an individual for any period of time, the same individual can be employed on different projects and each period will be counted as a work opportunity.

¹⁷ From Red and Amber to Green Status

							environment is strengthened and risk management operates effectively.
	24) Percentage of predetermined objectives targets achieved	New KPI	85% of predetermined objectives targets achieved	52%	33%		<p>Target was not achieved.</p> <p>The following KPI's were not achieved:</p> <ul style="list-style-type: none"> - #4 No. of detailed design phase - #5 No. of contracts awarded - #6 No. of projects at practical completion - #15 Operationalisation and optimisation of ERP System (SAP) - #17 EPWP Opportunities created - #20 % implementation of the strategic risk management action plan findings resolved. <p>The following KPI was partially achieved:</p> <ul style="list-style-type: none"> - #1 No. of prefeasibility plans or studies produced, reviewed or updated - #10 Percentage resolution of Auditor General and Internal Audit Findings. - #11 Percentage of budget spent on city-wide infrastructure.

SECTION 6: PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The mandate of JDA is to implement area based development and regeneration projects. There are three core development tasks which are crucial to the fulfilment of this mission:

- The JDA plans
- The JDA facilitates development
- The JDA constructs

Every area-based development undertaken by the JDA is therefore supported in the pre-development and post-development phases to enhance the value added by the capital works interventions and improve the longer-term sustainability of the capital investment. To do so, the JDA gives much emphasis in the co-production of solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. The JDA strives for a more responsible and effective approach to work with local stakeholders to produce solutions, drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship. This also involves continuing to draw on our established partnerships with professional bodies, and the academic fraternity to extend co-production opportunities and democratise the process of spatially restructuring the city.

Co-produced solutions in urban design and development have over many years proven to be more sustainable and robust than technical expert-driven ones because they are more responsive to local needs and context and draw on a range of alternative knowledge forms (e.g. tacit and experiential knowledge).

The JDA always seeks to engage the public in a meaningful way at every stage of development. In the 2018/19 financial year, this included doing public participation in the planning stage, consultations with communities and affected parties during design stage, and value-adding activities involving community members in projects such as the peoples' history, heritage exhibitions and public art projects that tell the story of the neighbourhood. Methods of engaging with local stakeholder communities also need to evolve to the responding needs and lifestyles of city users in the 21st century, therefore conventional methods must be enhanced by the use of social media platforms, electronic communication and other more engaging and relevant forms of sharing knowledge and ideas between professional teams and local communities.

To this end the JDA strived to:

- Enable the City to keep stakeholders informed, making sure there is accurate understanding of the impact of City developments in their area. This is about ensuring that stakeholders are actively engaged from the very inception of the project concept and play a meaningful role in shaping the development outcomes and future custodianship of the development
- Enable the City to manage expectations and perceptions of all stakeholder groups throughout the project by providing clear and regular communication and mobilization activities, explaining the purpose, scope and outcomes of each project to minimize misunderstanding and misinformation.
- Enable the City to make sure all stakeholders understand, support and develop buy-in and ownership of the City Project

The following provide a sense of some of the JDA's approaches toward co-production in place-making during the 2018/19 financial year:

#JoziWalks - in order to assess the impact of its developments, the JDA annually conducts various project and area based impact or baseline assessments. The #JoziWalks are a JDA facilitated but community-led impact

assessment. The JDAs approach is to work with local stakeholders to produce solutions, drawing on their knowledge of the development context.

Our City, Our Block - As cities globally face the challenge of converting large-scale urban plans into meaningful social impact a new understanding of the real city and its actual needs calls for urban projects that are small-scale, rooted in society and spatial structures, imminently useful, and able to actually deliver on their promises. The “Our City, Our Block” initiative is geared at transforming and revitalising the inner city by creating formal and informal collaborative partnerships to create sustainable benefits in the inner city. The objective of such productive partnerships is to develop:

- Symbiotic City-Business-Community Trust Relationships
- Rebranding of the Inner City – harnessing existing or latent precinct identity and activity
- Rewarding and supporting active citizenry and civic pride

SECTION 7: RECOMMENDATIONS AND PLANS FOR 2019/20

The Joburg 2040 Growth and Development Strategy (GDS) responds to the multiple challenges and uncertain futures faced by the city. Joburg 2040 offers a vision, mission and framing paradigm and principles, alongside outcomes, outputs and indicators. The City has confirmed five IDP Outcomes / Pillars and 9 strategic priorities to guide the strategic planning process leading to the development of 2019/20 Business Plans, Service Delivery and Budget Implementation Plan (SDBIP) and Integrated Development Plan (IDP).

The five outcomes and nine priorities of the City are as follows;

TABLE 21: CITY OUTCOMES AND PRIORITIES

Outcomes	Priorities
<ul style="list-style-type: none"> • Outcome 1: A growing, diverse and competitive economy that creates jobs • Outcome 2: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development • Outcome 3: Enhanced, quality services and sustainable environmental practices • Outcome 4: Caring, safe and secure communities • Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence • 	<ul style="list-style-type: none"> • Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty • Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress. • Priority 3: Create a culture of enhanced service delivery with pride and dignity. • Priority 4: Create a sense of security through improved public safety. • Priority 5: Create an honest and transparent City that fights corruption. • Priority 6: Create a City that responds to the needs of citizens, customers, stakeholder and businesses. • Priority 7: Enhance our financial sustainability. • Priority 8: Encourage innovation and efficiency through the Smart City programme. • Priority 9: Preserve our resources for future generations.

The JDA’s strategic objectives are aligned with the Joburg 2040 growth and development strategy for the City of Joburg and in particular with the cluster plan for Economic Growth and Sustainable Services Clusters in the integrated development plan. Giving effect to resilient city strategies by restructuring spatial logic is the primary objective towards which the JDA will work in the medium term.

Outcomes 1, 2 and 5 and Priorities 1, 2, 7 and 8 are particularly relevant to the JDA mandate and business plan.

To coordinate effective responses to the aforementioned nine priorities, each functional Cluster of the City of Joburg has identified key interventions to pursue toward achieving these. The JDA forms part of the City's Economic Growth Cluster and has alignment with the following implementation plans:

TABLE 22: STRATEGIC PRIORITIES 2016-2021

Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress
<ul style="list-style-type: none"> • Inner city regeneration, including key economic nodes • Increased infrastructure investment (from both public and private sectors) • Working to cut red tape and improve the ease of doing business in the City 	<ul style="list-style-type: none"> • Prioritising the formalisation of informal settlements • Identifying land to be serviced before any human settlements are built <ul style="list-style-type: none"> • Increasing the delivery of housing • Fast-tracking acquisition of buildings in the Inner City for housing • Residents live, work and play close to work, leisure and cultural opportunities • Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure

2019/20 Delivery Agenda (Diphetogo)

Having firmed up the five outcomes and nine strategic priorities for the IDP cycle, the Executive Mayor has identified 40 interventions for implementation in the 2019/20 financial year and outer years. These are called 'Diphetogo'. The following areas have been identified where the JDA contributes in making an impact:

TABLE 23: DIPHETOGO

Diphetogo	Impact to be Achieved
Finance	<ul style="list-style-type: none"> • Increase in the collection of revenue to increase funding to City projects. <ul style="list-style-type: none"> • Increase in the capex budget to keep pace with growth • Maximisation of the City's lending capability through improved debt management. • Increased utilisation and spending of national and provincial grant funding
Housing	<ul style="list-style-type: none"> • Reversing the housing backlog across indigent, low income families. • Addressing the lack of high quality, low cost housing in the Inner City
Infrastructure	<ul style="list-style-type: none"> • Improved quality of access to reliable, quality basic services across our City. • Provision of bulk services to communities without access to electricity and water services. • Increasing access to reliable, quality basic services through providing increased funding to informal settlements <ul style="list-style-type: none"> • Increased instillation of new public lighting in the City. <ul style="list-style-type: none"> • Decreased public lighting downtime.
Economic Development	<ul style="list-style-type: none"> • The significant improvement in the ease and experience of doing business in the City. <ul style="list-style-type: none"> • Implementation of investment facilitation programme • Expanding the reach and rollout of the basket of services offered to SMMEs via the City's Opportunity Centres. <ul style="list-style-type: none"> • Increasing the number of SMMEs as suppliers to the City <ul style="list-style-type: none"> • The rollout of the City's Work seekers' Database <ul style="list-style-type: none"> • The rollout of a Youth Skills Program

Diphetogo	Impact to be Achieved
	<ul style="list-style-type: none"> <li data-bbox="587 230 1353 257">• The aggressive rollout of free Wi-Fi services to the City's residents

JDA's Strategic Response

The JDA is positioned to respond to the above development priorities, the agency co-ordinates and manages its activities through five substantive programmes. In addition, we ensure good governance of the organisation through an Operational Focus area, resourced to support the optimal performance of the substantive programme.

The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and with other client departments.

The JDA's responses to five outcomes, nine priorities, Diphetogo and spatial polices against which it can be measured and held accountable, are captured in the JDA's 19/20 Business Plan, and are outlined in the table below:

TABLE 24: ALIGNMENT TO THE PRIORITIES 2017 -2021

Key CoJ Priority Programmes	Key CoJ IDP Programme/s	Diphetogo	Moral Imperative	Impact	Matching JDA Programme/s	JDA Sub-Programme/s
Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	Inner city regeneration, including key economic nodes Increased infrastructure investment (from both public and private sectors)	Finance	Meaningful progress towards addressing the infrastructure and social backlogs resulting in better quality, reliable services for the City's residents	Increase in the capex budget to keep pace with growth Increased utilization and spending of national and provincial grant funding	1. Strategic Economic Node Delivery Programme	1A: Inner City Transformation Sub-Programme 1B: Economic Node Sub-Programme
Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress	Residents live, work and play close to work, leisure and cultural opportunities Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure	Finance	Meaningful progress towards addressing the infrastructure and social backlogs resulting in better quality, reliable services for the City's residents	Increase in the capex budget to keep pace with growth Increased utilisation and spending of national and provincial grant funding	2. Accelerated infrastructure Delivery Programme	2A: Deprivation Areas Revitalization Sub-Programme 2B: Urban Infrastructure Delivery Sub-Programme
Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	N/A	Jobs and Growth	Improved support to SMMEs in the City to empower more entrepreneurs	Increasing the number of SMMEs as suppliers to the City	3. Economic Empowerment Programme	N/A
Encourage innovation and efficiency through the Smart City programme	Focused improvement of ICT equipment and software	Institutional	Creating a responsive administration focused on delivering service with pride to the City's residents	The fast-tracking of the SAP rollout plan throughout the City	4. Good Governance, Management and Administration Programme	N/A
Daily Operations	Day to Day Programmes	Institutional	Creating a responsive administration focused on delivering service with pride to the City's residents	N/A	3. Economic Empowerment Programme 4. Good Governance, Management and Administration Programme	N/A

Implementation and Performance Overview for 2019/20

The 2019/20 Scorecard responds to four IDP priority programmes with 12 KPIs and one day-to-day Programme, with 6 KPI's.

TABLE 25: IMPLEMENTATION AND PERFORMANCE OVERVIEW FOR 2019/20

IDP Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty			
IDP Priority 2. Ensure pro-poor development that addresses spatial and income inequality and provides meaningful redress			
IDP programme/s	Key Performance Indicator	Annual Target	JDA Outcome Statement/s
Inner city regeneration, including key economic nodes	Number of pre-feasibility plans or studies ¹⁸ produced, reviewed or updated	4 (cumulative)	To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects
Increased infrastructure investment (from both public and private sectors)	Number of projects at concept design phase	23 (cumulative)	To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects
	Number of contracts awarded	22 (cumulative)	
Residents live, work and play close to work, leisure and cultural opportunities	Number of projects at practical completion	35 (cumulative)	To enable the long-term growth and development of strategic economic nodes in the city (including the CBD, future mixed use and TOD nodes) through multi-year delivery programmes, proactive development facilitation and productive development partnerships.
	Number of precinct management plans or project operationalisation plans produced, reviewed or updated	3 (cumulative)	
Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure	Number of Media Releases Marketing Projects	280 (cumulative)	
	Number of area or project impact (case studies) or performance assessments completed	6 (cumulative)	
IDP Priority 5: Create an honest and transparent City that fights corruption.			
IDP programme	Key Performance Indicator	Annual Target	JDA Outcome Statement/s
Increasing forensic investigative capability and controls	Percentage resolution of Internal Audit findings	100%	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
	Percentage resolution of Auditor General findings	Clean Audit	
IDP Priority 8: Enhance our financial sustainability.			
IDP programme	Key Performance Indicator	Annual Target	JDA Outcome Statement/s
Focusing on driving up capital expenditure investment in infrastructure	% budget spent on city-wide infrastructure	95%	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
	Percentage of valid invoices paid within 30 days of invoice date	100%	

¹⁸ Detailed local area plans, detailed local area implementation plans, or area-based studies

Day-to-day Programme			
IDP programme	Key Performance Indicator	Annual Target	JDA Outcome Statement/s
Other IDP or Day-to Day programmes	Percentage of BBBEE expenditure as a share of total expenditure	100%	To promote economic empowerment and transformation through the structuring and procurement of JDA developments
	Number of EPWP opportunities as created	1000 (cumulative)	
	Percentage of SMME expenditure as a share of total expenditure	30%	
	Percentage spend on JDA operating budget against approved operating budget	95%	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
	Percentage implementation of the strategic risk management plan findings resolved	95%	
	Percentage of predetermined objectives targets achieved	85%	

It is incumbent upon the shareholder to ensure that the JDA is well positioned, structured and capacitated in order to:

- Deliver against committed projects in the City's spatial transformational priority areas;
- Manage expectations and perceptions of all stakeholder groups throughout the development process by focusing on frequent communication, meaningful engagement and a co-creation ethos; and
- Effectively, efficiently and economically oversee the capital budget. This funding is broken up as per the figure below:

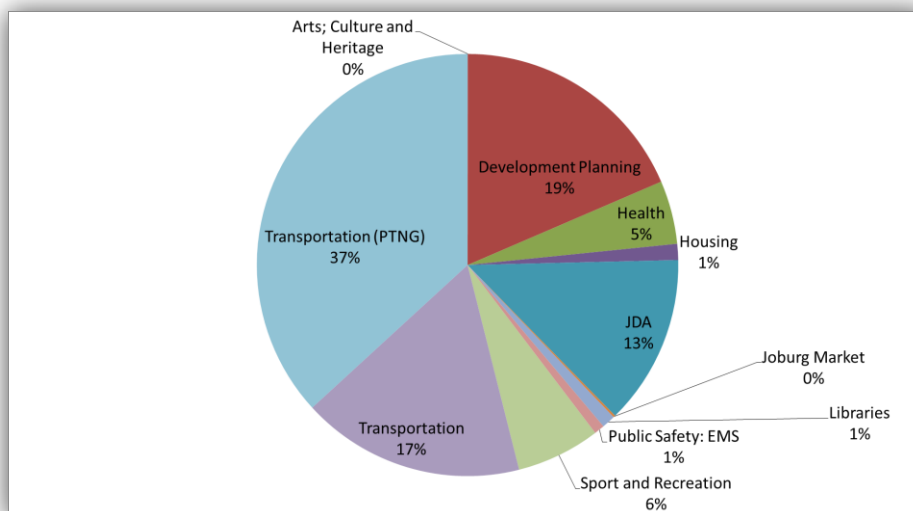


FIGURE 9: JDA FUNDING BY CLIENT / SOURCE

CHAPTER 4: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

The JDA aims to be the employer of choice in its field. This is supported by the JDA's overall objective, as set out in its Employment Policy, to ensure that its employment practices and remuneration policies motivate and retain talented employees and create an attractive work environment. The JDA periodically reviews all its employment policies and practices in line with applicable prescripts to ensure that it remains relevant and practical for the changing world of work and is attractive to potential employees.

In May 2019, the JDA became a two Union workplace, with SAMWU now being the majority union ahead of IMATU (Independent Municipal and Allied Trade Union).

There are 112 positions on the JDA staff establishment and organogram.

The structure includes:

- Top Management consists of the Chief Executive Officer (CEO).
- Executive Management consists of the Executive Management Committee Team excluding the CEO i.e. the:
 1. Chief Financial Officer (CFO),
 2. Executive Manager: Development Implementation,
 3. Executive Manager: Planning and Strategy,
 4. Executive Manager: Development Facilitation
 5. Executive Manager: Marketing & Communications,
 6. Executive Manager: Corporate Services,
 7. Chief Audit Executive
 8. Company Secretary
- Senior Management consists of Heads of Departments and Managers in the departments that reports to their Executives without heading departments, it comprises of:
 1. Senior Development Managers,
 2. Executive Support Manager,
 3. Internal Audit Manager,
 4. Finance Manager,
 5. Budget Manager,
 6. Monitoring & Evaluation Manager,
 7. Supply Chain Manager,
 8. Planning Manager,
 9. Communications & Marketing Manager,
 10. Human Resources Manager,
 11. IT Manager,
 12. Risk & Compliance Manager and
 13. Manager: Stakeholder Relations.
- Professional and Middle Management comprises of:
 1. Development Facilitation Manager,
 2. Enterprise Development Manager,
 3. Development Managers,
 4. Coordinators,
 5. Accountants,
 6. Accounts Payable Officer,
 7. SCM Officer,
 8. Data Officer,
 9. Marketing Business Partners,
 10. Risk & Compliance Officer,
 11. IT Support Officer,

12. IT & IS Administration Officer,
13. HR Business Partners,
14. Legal Officer and
15. Stakeholder Relations Officer.

- Skilled Employees consists of:
 1. Technical, Academically Qualified and Junior Management,
 2. Assistant Development Managers and Personal assistants.
- Semi-Skilled Employees consists of Drivers and Receptionists.
- Unskilled Employees consists of General Workers and Housekeepers.

In terms of physical location, 98 employees including 2 learners and temporary workers are based at the JDA Head Offices in Newtown.

TABLE 33: COST OF SICK LEAVE – EMPLOYEES ONLY ON JDA PAYROLL ONLY (1 JULY 2018 – 30 JUNE 2019)

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Number of Sick Leave Days	Total employees in post	Average sick leave per employee	Estimated cost
	Days	%	No.	No.	Days	R 000
Top management	0	0	0	0	0	0
Executive management (including Chief Audit Executive)	14	0	3	6	2.33	84 553
Senior management	53	0	27	18	2.94	199 003
Middle management	115	0	37	37	3.10	229 391
Skilled technical/junior management	146	0	46	28	5.21	281 222
Semi-skilled	33	0	4	3	11	16 079
Unskilled	15	0	6	6	2.5	6 988
TOTAL	376	0	90	98	3.83	817 236

SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

The Total Remuneration Costs for the period under review were R74 238,486. This figure is inclusive of the Pension Fund. The JDA participates in Two Retirement Benefit Schemes: the eJoburg Retirement Fund (81 permanent employees) and the City of Johannesburg Pension Fund (1 permanent employee). The total contribution for Group Life Cover for the JDA employees and directors, in this period was R 898 351, 44.

SECTION 2: KEY VACANCIES

During the period under review, the key positions that remain unfilled were the recruitment for Chief Executive Officer and Executive Manager: Marketing and Communications.

Below is a progress report on all vacancies.

TABLE 34: VACANCY PROGRESS

Vacancies in Progress
IT Officer
SAP Officer (unfunded)
Chief Executive Officer
Executive Manager: Marketing and Communication
Executive Manager: Development Facilitation
Senior Development Manager

TABLE 35: STAFF ESTABLISHMENT

Description	2018/19				
	Approved no. of posts per approved organogram	Additions to the structure	No. of employees	No. of vacancies	% of vacancies
Top management	1	0	0	0	100%
Executive management	8	0	6	2	25%
Senior management	17	0	18	0*	0%
Middle management	49	0	37	12	24%
Skilled technical/junior management	27	0	28	0*	0%
Semi-skilled	4	0	3	1	25%
Unskilled housekeepers/cleaners	6	0	6	0	0%
Total	112	0	98	15	13%

*Additional resources required on a temporary basis.

The basis for turnover rates is annual, to give an accurate indicator of the turnover rates, year on year. In the current period under review staff turnover is 11% due to resignations and a death.

TABLE 36: ANNUAL TURNOVER RATE

Details	Total appointments at beginning of financial year	Terminations during financial year (YTD)	Turnover rate
	No.	No.	%
2010/11	54	5	9
2011/12	50	5	10
2012/13	55	3	5
2013/14	61	9	14.75
2014/15	86	14	16
2015/16	87	8	9
2016/17	96	17	17.7
2017/18	87	9	10
2018/19	94	11	11

A total of 11 terminations recorded, with an equity distribution as follows;

TABLE 37: TERMINATIONS

Position	Male				Female				Non South African		Total
	A	C	I	W	A	C	I	W	Male	Female	
Chief Executive Officer	0	0	0	1	0	0	0	0	0	0	1

Position	Male				Female				Non South African		Total
	A	C	I	W	A	C	I	W	Male	Female	
Development Facilitation Manager	1	0	0	0	0	0	0	0	0	0	1
Facilities	1	0	1	0	0	0	0	0	0	0	2
IT Officer	1	0	0	0	0	0	0	0	0	0	1
Marketing & Communication Officer	0	0	0	0	1	0	0	0	0	0	1
SCM Officer	1	0	0	0	2	0	0	0	0	0	3
DI Coordinator	1	0	0	0	0	0	0	0	0	0	1
Finance Coordinator/PA	0	0	0	0	1	0	0	0	0	0	1
Totals	5	0	1	1	4	0	0	0	0	0	11

Retention Initiatives

JDA remains committed to mitigate against resignations through various initiatives. These seek to make the JDA an employer of choice by way of offering competitive market related remunerations structures to promote staff retention as follows:

- Structured interventions for employee development.
- Periodic Salary Benchmarking to ensure alignment and best practice with industry remuneration packages along with participation with CoJ initiatives on pay parity.
- Accelerated interventions targeted at continuous improvement on employee relations and employee engagement.

SECTION 3: EMPLOYMENT EQUITY

The JDA is committed to the principles of equity, non-discrimination and diversity enshrined in the Constitution and the Employment Equity Act (1998) as amended. It aims to employ a diverse staff complement which is of a geographical representation of our society and create equal employment opportunities to all.

The JDA's Employment Equity Policy and Plan aims to advance and protect previously disadvantaged individuals by providing opportunities for career advancement, growth, training and development. The Executive Committee and Human Resources and Remuneration Committee provide regular input into the organisation's employment equity practices, strategies, direction and initiatives.

The Employment Equity Plan which was developed previously will be re-evaluated by the newly established EE Committee to promote an environment and culture that supports open communication, where everyone is encouraged to express their views without fear of being victimised, and to ensure fair and consistent application and implementation of all employment practices and procedures. Structures such as an Employment Equity Committee and Nominated Shop Stewards have been put in place to coordinate and monitor employment equity implementation across the organisation.

The JDA Human Resources undertakes an annual review of its employment equity processes and general employment practices to inform the implementation of the Employment Equity Plan.

The JDA Human Resources plans its annual employment equity targets in terms of its Employment Equity Policy and reports to the Department of Labour in accordance with the provisions of the Employment Equity Act and within legislated timeframes.

TABLE38: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW

Occupational Levels											Total
	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Executive Management	2	0	0	1	2	0	1	0	0	0	6
Senior Management	7	1	0	1	8	0	1	0	0	0	18
Professionally qualified and experienced specialists and mid-management	19	0	0	0	14	1	1	2	0	0	37
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	4	0	0	0	22	1	1	0	0	0	28
Semi-skilled and discretionary decision making	1	0	0	0	2	0	0	0	0	0	3
Unskilled and defined decision making	2	0	0	0	4	0	0	0	0	0	6
TOTAL PERMANENT	35	1	0	2	52	2	4	2	0	0	98

The JDA achievements for period under review:

- 96% of its employees are black
- 61% of its staff members are female
- 41% of Executive and Senior Management positions are held by black women
- The JDA has employees with physical disabilities which exceeds the CoJ's strategic target of 2% by 0.3% The JDA is committed to improve the percentage representation of people from designated groups across all occupational categories.

TABLE 39: STAFF MOVEMENTS

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	12	9	0	0	0	0	0	0	21
Deceased	0	0	0	0	0	0	1	0	1
Retirements	0	0	0	0	0	0	0	0	0
Absenteeism	0	0	0	0	0	0	0	0	0
Resignations	5	4	0	0	1	0	0	0	10
TOTAL	17	13	0	0	1	0	1	0	32

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

The JDA is committed to employee training and development, ensuring variety of skills set, thus building a pool of competent employees. It aims to provide an integrated learning experience to its employees that will strengthen their commitment to the organisation's values, enhance leadership capability and improve the JDA's capacity to meet current and future business requirements.

The JDA's Learning Strategy is based on four pillars:

- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training
- Best practice learning design
- Timely and appropriate learning delivery
- Assessment of the impact of learning interventions on overall company performance.

The JDA has created a culture of both on-the-job and off-the-job learning, which is embraced by all employees. Training is an on-going process of improving employees' knowledge, skills and attitude to enhance job performance, create opportunities for growth and advance careers. This is illustrated by 60% submission rate of Individual Learning Plans (ILP).

An ILP is both a document and a process that employees use – with support from Line Management and Human Resources to address areas of development and to define their career goals throughout their employment at the JDA. Training, which is part of Human Resources Development, is an on-going process of improving employees' knowledge, skills and attitude to enhance job performance, create opportunities for growth and advance careers.

The JDA funds appropriate training and development programmes that are practical and outcomes-based. It also supports employees who wish to attain further qualifications to improve their productivity and career enhancement.

A budget of R 662 000.00 has been allocated for training and development for the 2018/19 financial year. The actual expenditure for period under review is 100%. The JDA supports the attainment of further educational qualifications by employees in order to improve their productivity. All training interventions were provided as part and parcel of the approved individual learning plans.

SECTION 5: PERFORMANCE MANAGEMENT & SUCCESSION PLANNING

The JDA views performance management as an integral part of the JDA's business strategy which ensure that employees deliver on the agreed scorecard and excellent performers are rewarded accordingly.

The JDA uses a scorecard to evaluate employee performance. Individual performance indicators are linked to the JDA's objectives and the CoJ's integrated development plan scorecard. Objectives that reinforce the culture of governance and risk management among managers are also included.

As part of continuous employee development, coaching, mentorship and training interventions are implemented to assist employee to perform to the required performance standard.

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

There is no disciplinary inquiries under way, however one employee was suspended during 2018/2019 financial year and has since returned to work.

The following table summarises the outcome of disciplinary hearings conducted within the entity for the period under review:

TABLE 40: TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS FINALISED FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019

Type of misconduct	Number	% of Total
Dishonesty	0	0
Absenteeism	0	0
Insubordination	0	0
Negligence	0	0
Poor performance other than incapacity	0	0
Improper behaviour	0	0
Theft	0	0
Misuse of state vehicle	0	0
Total	0	0%

SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT

JDA is committed to the effective management of leave for its employees, and all Line Managers have an obligation to ensure effective planned leave management within their respective Departments.

The following table gives an analysis of the various leave types and how they were utilised by JDA employees in the period under review.

The most highly utilised leave type is Annual leave with a total of 806 days, with Sick leave being the second most utilised leave type, with a total of 376 days, Study Leave being the third most utilised leave type, with a total of 100 days and Family Responsibility leave being the least utilised leave type, with a total of 81 days.

TABLE 41: LEAVE ANALYSIS FOR 2018/19

Type of Leave	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
Annual Leave	58	15	41	166	42	83	180.25	58.5	77.75	28.75	22.75	33	806
Sick Leave	38	4	7	141	4	26	3	0	73	13	41	26	376
Family Responsibility	1	0	2	20	1	12	0	0	21	2	13	9	81
Study Leave	8	0	0	26	7	0	15	0	10	1	14	19	100
TOTAL	105	19	50	353	54	121	198.25	58.5	181.75	44.75	90.75	87	1363

SECTION 8: EMPLOYEE BENEFITS

The Total Remuneration Costs for the period under review were R74 238,486. This figure is inclusive of the Pension Fund. The JDA participates in Two Retirement Benefit Schemes: the eJoburg Retirement Fund (81 permanent employees) and the City of Johannesburg Pension Fund (1 permanent employee). The total contribution for Group Life Cover for the JDA employees and directors, in this period was R 898 351, 44.

SECTION 9: EMPLOYEE WELLNESS

The JDA is committed to maintaining a healthy workforce and providing a safe and hygienic working environment. The JDA's Employee Wellness Programme, which is outsourced to ICAS, offers behavioural risk management, free trauma counselling and free legal and financial advice for all employees. ICAS provides a confidential, 24-hour personal support and information service, which employees, as well as their partners and immediate family, may access through a toll-free number for assistance with health, financial, legal and other issues.

The JDA receives statistical information on the issues discussed to enable it to identify and implement solutions to the particular issues raised. The identities of the employees who use this service remain strictly confidential. The JDA holds Wellness Day events every quarter. Employees can have their basic health assessed and receive feedback and guidance on corrective measures and counselling. The overall objective therefore of the employee wellness programme is to improve the quality of life of all its employees through the provision of quality, sustainable and lifelong Wellness Programmes that work towards the holistic development and support of all employees in a professional and confidential manner, while providing support and assistance to alleviate the impact of everyday work, personal and family challenges. For 2018/19 financial year the JDA had one Wellness Day, which included the following activities and services; Reflexology, BMI Measurements, HIV Risk Assessment, neck and shoulder massages, HIV Voluntary counselling and testing and Arcade games for amusement.

SECTION 10: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

HIV/AIDS in the Workplace

The JDA's HIV/AIDS Policy is aligned with the CoJ's policy and its HIV/AIDS coordinator attends the CoJ HIV and AIDS Committee meetings. The policy ensures that no employee is discriminated against based on their HIV status. All employees must respect the confidentiality of information regarding existing or potential employees with life-threatening illnesses. Any employee who divulges information without the employee's knowledge or consent will be disciplined in accordance with the disciplinary code and procedure of the JDA. The JDA reserves the right to request medical advice or intervention in instances where an employee's illness adversely affects performance, or where an employee claims that he/she cannot work in certain situations due to illness. All employees are encouraged to know their HIV status and to remain healthy if they are living with HIV.

The HIV/AIDS Programme runs awareness and educational campaigns, provides free condoms, shares videos and offers free helplines. The programme ensures that employees with HIV/AIDS are treated in a fair, consistent manner and are informed about their rights and employee benefits.

In the period under review, the JDA and ICAS held a wellness day, where the HIV/AIDS awareness is prioritized through testing and counselling to all JDA staff.

Occupational Health and Safety

Independent consultant Ubomi Safety Consulting conducted monthly occupational health and safety compliance audits during the period under review in the 2018/19 financial year. These audits identify risks and cases of non-compliance with the Occupational Health and Safety Act (1993), enabling the JDA to implement risk mitigation plans to reduce the risks and address cases of non-compliance. A report prepared during the period under review estimated that the JDA's compliance rate was 92.26%. The areas of non-compliance include:

- Inadequate working space for employees
- Unsafe Stacking Storage Boxes in Offices.

SECTION 11: BATHO PELE PRINCIPLES

Eight Batho Pele principles were developed to serve as acceptable policy and legislative framework regarding service delivery in the public service.

These principles are aligned with the Constitutional ideals of:

- Promoting and maintaining high standards of professional ethics;
- Providing service impartially, fairly, equitably and without bias;
- Utilising resources efficiently and effectively;
- Responding to people's needs; the citizens are encouraged to participate in policy-making; and
- Rendering an accountable, transparent, and development-oriented public administration

The JDA employees, as per the circular from the City of Joburg¹⁹, embrace and implement the principles and values that underpin Batho Pele which require public servants to be polite, open and transparent and to deliver good service to the public.

1. Consultation: Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered.
2. Service standards: Citizens should be told what level and quality of public service they will receive so that they are aware of what to expect.
3. Access: All citizens should have equal access to the services to which they are entitled.
4. Courtesy: Citizens should be treated with courtesy and consideration.
5. Information: Citizens should be given full accurate information about the public services they are entitled to receive.
6. Openness and transparency: Citizens should be told how national and provincial departments are run, how much they cost and who is in charge.
7. Redress: If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.
8. Value for money: Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

¹⁹

https://www.joburg.org.za/documents/_Documents/Policies%20Blayi/Revenue%20and%20Customer%20Relationship%20Management/BATHO%20PELE%20Circular.pdf

CHAPTER 5: FINANCIAL PERFORMANCE

SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES

	Year ended 30 June		
	Actual	Budget	Variance
	R'000	R'000	R'000
Non-current assets	28,751	28,295	56
Property plant and equipment	5,590	6,460	(870)
Deferred tax	2,349	835	1,514
Intangible assets	20, 812	21,000	(188)
Current assets	949,214	577,979	371,235
Trade and other receivables	765,539	400,000	365,539
Vat Receivable	183, 672	177,977	5,695
Cash and cash equivalents	3	2	1
Total assets	977,965	606,274	371,691
EQUITY AND LIABILITIES			
Capital and reserves	69,037	57,374	(11 663)
Contribution from owner	16,278	16,278	(0)
Accumulated surplus/(deficit)	52,759	41,096	(11 663)
Non-current liabilities	18,314	5,581	12,733
Finance lease obligation	-	-	0
Deferred taxation	18,314	5,581	12,733
Project funds payable	-	-	0
Current liabilities	890,615	543,319	347,296
Loans from shareholders	382 963	300,000	82,963
Trade and other payables	454,559	207,456	247,103
VAT payable	-	-	0
Finance lease obligation	-	141	(141)
Project Funds payable	47,648	31,882	15,766
Bank Overdraft	-		0
Provisions – bonus	5,445	3,840	1,604
Total equity and liabilities	977,965	606,274	371,691

SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES

	Original approved	Adjusted approved	Year to date		
	budget	budget	Actual	Budget	Variance
	R'000	R'000	R'000	R'000	R'000
Gross revenue	129,074	110,510	99 706	110,510	(10,804)
Operating costs	(121,705)	(103,141)	(100,057)	(103,141)	3,084
Gross surplus/(deficit)	7,369	7,369	(351)	7,369	(7,018)
	(7,369)	(7,369)	(351)	(7,369)	(7,018)
Other operating income and expenditure	(7,369)	(7,369)	(1)	(7,369)	(7370)
Interest expense	(7,369)	(7,369)	(1)	(7,369)	(7,369)
Interest income	0	0	0	0	0
Deficit before tax	0	0	(352)	0	(352)
	0	0			
Taxation			1,058	0	1,058
Surplus/(Deficit) after tax	0	0	706	0	706

The JDA recorded a surplus of R706 thousand for the financial year ended 30 June 2019.

Revenue

The organisation achieved 90% (2018/19: 92%) of the budgeted revenue. The shortfall in the revenue is mainly due to development management fees that was budgeted on an overall capital spend of 98% of which the actual percentage spend is 88%. Currently over 74% of the JDA's funding model is dependent on the capital expenditure incurred on the infrastructure projects implemented. Although the revenue is normally based on a conservative spend percentage, most of the projects were delayed by a number of factors, including poor contractor performance, community and SMME grievances and land readiness issues. These factors further contribute to the delays of these projects and directly to the revenue generated by the JDA through development management fees.

Expenditure

The organisation incurred expenditure of 90% against the budget (2017/18: 92% overall against target).

SECTION 3: CASH FLOW STATEMENT AND HIGH-LEVEL NOTES

	Year to date		
	Actual	Budget	Variance
	R'000	R'000	R'000
Cash flows from operating activities	(141,005)	(134,057)	(6,948)
Receipts			
Grants	39,006	39,006	0
Interest received	0	0	0
Cash receipts from CAPEX funding	1,449,482	1,187,933	262,438
Other receipts	0	310	(310)
		0	0
Payments		0	0
Employee cost	(72,420)	(75,739)	3,319
Suppliers	(1,557 961)	(1,187,863)	(370,487)
Interest paid			
Cash flows from investing activities	(161)	(400)	239
Expenditure to maintain operating capacity			
Property, plant and equipment acquired	(161)	(400)	239
Proceeds from sale of property, plant and equipment			0
Purchase of intangible assets	0		0
Cash flows from financing activities	141,166	137,918	3,248
Movement in project funds payable	9,621	0	9,621
Proceeds from Shareholders' loan	131,581	137,984	(6,403)
Repayments of Shareholders' loan	0	0	0
Finance lease repayments	(36)	(66)	30
Net increase/(decrease) in cash and cash equivalents	2	(639)	641
Cash and cash equivalents at beginning of the year	1	639	(638)
Cash and cash equivalents at the end of the year	3	0	3

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

Capital expenditure is the primary measure of the JDA’s performance, and the budget for the capital projects to be implemented forms part of the agency’s annual business plan and scorecard. This measures effective capital budget management, in particular expenditure against set targets for project delivery.

Targets of 95% expenditure have been set in respect of all funding sources for the financial year.

The overall year to date capex expenditure at the end of the financial year was R1, 043 billion against an annual budget of R1, 187 billion. This translates to 88% of the annual budget.

Capital Budget Management²⁰

TABLE 42: OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2018/19 Annual Budget	Target YTD	Actual YTD	YTD Performance Against Target %	% Actual Performance Against total Annual Budget
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 187 863	1 128 469	1 043 429	88%	88%

²⁰ This measures effective capital budget management, in particular expenditure against set targets for project delivery. Targets of 100% expenditure have been set in respect of all funding sources for the financial year.

For period ended 30 June 2019

TABLE 43: EXPENDITURE PER FUNDING SOURCE

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
PUBLIC TRANSPORT CORRIDOR DEVELOPMENT						
Patterson Park: Work Package 3 - Multipurpose Centre and Sports Facilities	37 348 529	36 377 000	971 529	2.67%	36 377 000	102.67%
Brixton Social Cluster: Work Package 1 New multipurpose sports and recreation	61 040 411	61 386 000	(345 589)	(0.56%)	61 386 000	99.44%
Corridor branding - public art and place-making programme	5 167 205	5 615 000	(447 795)	(7.97%)	5 615 000	92.03%
Sub-total	103 556 145	103 378 000	178 145	0.17%	103 378 000	100.17%
JDA ON BUDGET						
Inner City Eastern Gateway_TOD and Movement Corridors	19 907 315	17 200 000	2 707 315	15.74%	17 200 000	115.74%
Marlboro South Light Industrial Business Hub_Skills Development Centre	17 679 942	22 000 000	(4 320 058)	(19.64%)	22 000 000	80.36%
Regeneration of Lenasia CBD and Anchorville Industrial Hub – Region G	0	1 500 000	(1 500 000)	(100.00%)	1 500 000	0.00%
CORR - Turffontein Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	18 986 122	20 600 000	(1 613 878)	(7.83%)	20 600 000	92.17%
CORR - Perth Empire Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	26 305 377	25 000 000	1 305 377	5.22%	25 000 000	105.22%
CORR - Louis Botha Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction and Upgrading Renewal Corridors of	30 183 259	31 000 000	(816 741)	(2.63%)	31 000 000	97.37%

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
Freedom Intervention ORANGE GROVE E Regional						
Ivory Park UDF_ Development_ Catalytic Node infrastructure projects	4 590 103	6 000 000	(1 409 897)	(23.50%)	6 000 000	76.50%
Alexandra Sports and Youth Development: SAFA Safe Hub Facility	1 568 795	4 600 000	(3 031 205)	(65.90%)	4 600 000	34.10%
Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional	23 109 518	15 000 000	8 109 518	54.06%	15 000 000	154.06%
Westbury Development Renewal TDC	21 524 023	21 000 000	524 023	2.50%	21 000 000	102.50%
4th Avenue Clinic Renewal	6 615 201	8 000 000	(1 384 799)	(17.31%)	8 000 000	82.69%
Auckland Park Pedestrian	13 766 874	13 000 000	766 874	5.90%	13 000 000	105.90%
Banakekeleni Hospice New Clinic ALEXANDRA EXT.38 E Ward	1 611 242	1 500 000	111 242	7.42%	1 500 000	107.42%
Operational Capex New Operational Capex NEWTOWN F City Wide	893 238	1 000 000	(106 762)	(10.68%)	1 000 000	89.32%
Orchards Clinic	9 905 968	13 600 000	(3 694 032)	(27.16%)	13 600 000	72.84%
Roodeport CBD regeneration Renewal Precinct Redevelopment REGION C	0	1 500 000	(1 500 000)	(100.00%)	1 500 000	0.00%
Sub-total	196 646 977	202 500 000	(5 853 023)	(2.89%)	202 500 000	97.11%
COMMUNITY DEVELOPMENT (Comm Dev)						
Brixton Social Cluster: Work Package	0	500 000	(500 000)	(100.00%)	500 000	0.00%
Lehae MPC New Construction LEHAE G	7 336 166	9 000 000	(1 663 834)	(18.49%)	9 000 000	81.51%
Johannesburg Library F	295 668	1 000 000	(704 332)	(70.43%)	1 000 000	29.57%
Kaalfontein MPC New Construction	1 504 306	10 000 000	(8 495 694)	(84.96%)	10 000 000	15.04%
Ivory Park Swimming Pool	78 875	20 000 000	(19 921 125)	(99.61%)	20 000 000	0.39%
MPC Matholesville	1 193 738	15 000 000	(13 806 262)	(92.04%)	15 000 000	7.96%
Drieziek MPC	1 086 320	15 000 000	(13 913 680)	(92.76%)	15 000 000	7.24%
Minor works at various facilities	126 393	5 000 000	(4 873 607)	(97.47%)	5 000 000	2.53%
Public art - Fountains	313 550	192 000	121 550	63.31%	192 000	163.31%
Sub-total	11 935 016	75 692 000	(63 756 984)	(84.23%)	75 692 000	15.77%

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
INTEGRATED CITY DEVELOPMENT GRANT						
Noordgesig - Social Precinct Implementation: Phase 2 - Square	15 828 746	18 000 000	(2 171 254)	(12.06%)	18 000 000	87.94%
Sub-total	15 828 746	18 000 000	(2 171 254)	(12.06%)	18 000 000	87.94%
EMERGENCY MANAGEMENT SERVICES (EMS)						
Central Fire Station	367 899	434 783	(66 884)	(15.38%)	434 783	84.62%
Fire Station - Alexandra and 'Be Safe Centre' New Building ALEXANDRA EXT.25 E Regional	2 682 431	1 739 130	943 301	54.24%	1 739 130	154.24%
Lehae Fire Station	0	434 783	(434 783)	(100.00%)	434 783	0.00%
Sub-total	3 050 330	2 608 696	441 634	16.93%	2 608 696	116.93%
ECONOMIC DEVELOPMENT						
Orange Farm Business Support Centre	488 250	500 000	(11 750)	(2.35%)	500 000	97.65%
Sub-total	488 250	500 000	(11 750)	(2.35%)	500 000	97.65%
HEALTH DEPARTMENT						
Claremont Renewal Clinic	11 298 140	10 000 000	1 298 140	12.98%	10 000 000	112.98%
Florida Clinic New Clinic FLORIDA EXT C Ward	6 688 885	11 000 000	(4 311 115)	(39.19%)	11 000 000	60.81%
Ebony Park Clinic	6 126 781	6 000 000	126 781	2.11%	6 000 000	102.11%
Bophelong Clinic	7 337 474	12 500 000	(5 162 526)	(41.30%)	12 500 000	58.70%
Zandspruit New Clinic	264 098	300 000	(35 902)	(11.97%)	300 000	88.03%
Naledi Clinic	1 228 415	1 500 000	(271 585)	(18.11%)	1 500 000	81.89%

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
Princess Renewal Clinic Ward C	0	300 000	(300 000)	(100.00%)	300 000	0.00%
Sub-total	32 943 793	41 600 000	(8 656 207)	(20.81%)	41 600 000	79.19%
DEP OF HOUSING						
Braamfischerville Ext 12&13:Roads and Stormwater Management Systems including a Pedestrian Bridge New Bulk Infrastructure BRAAMFISCHERVILLE EXT.13 C Ward	8 706 103	18 498 000	(9 791 897)	(52.93%)	18 498 000	47.07%
Sub-total	8 706 103	18 498 000	(9 791 897)	(52.93%)	18 498 000	47.07%
EISD						
Jukskei Alex Water management	2 174 000	2 174 000	0	0.00%	2 174 000	100.00%
Sub-total	2 174 000	2 174 000	0	2.67%	2 174 000	100.00%
INNER CITY FUND (ICF)						
Inner City Partnership Fund	8 995 964	9 900 000	(904 036)	(9.13%)	9 900 000	90.87%
Park Station to Civic Centre PEU (Park Station Regeneration)	0	585 000	(585 000)	(100.00%)	585 000	0.00%
Ghandhi Square East	11 353 547	10 600 000	753 547	7.11%	10 600 000	107.11%
Sub-total	20 349 511	21 085 000	(735 489)	(3.49%)	21 085 000	96.51%
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)						
Jabulani TOD: Phase 6a - Safe Hub	1 290 595	22 842 776	(21 552 181)	(94.35%)	22 842 776	5.65%
Jabulani Phase 7 Bridge	63 872 111	46 722 441	17 149 670	36.71%	46 722 441	136.71%
Alexandra Automotive Hub	7 000 000	7 000 000	0	0.00%	7 000 000	100.00%

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
Sub-total	72 162 706	76 565 217	(4 402 511)	(5.75%)	76 565 217	94.25%
JOBURG MARKET						
Technical Support Precinct Concept	468 936	2 000 000	(1 531 064)	(76.55%)	2 000 000	23.45%
Sub-total	468 936	2 000 000	(1 531 064)	(76.55%)	2 000 000	23.45%
TRANSPORTATION PTNG FUNDING:						
Phase 1C Stations	44 149 039	31 500 000	12 649 039	40.16%	31 500 000	140.16%
Selby Depot	14 786 505	47 951 411	(33 164 906)	(69.16%)	47 951 411	30.84%
Alex NMT Loop	23 072 478	24 565 178	(1 492 700)	(6.08%)	24 565 178	93.92%
ITS (Fibre Loop and CCTV)	44 723 580	53 550 000	(8 826 420)	(16.48%)	53 550 000	83.52%
Alexandra Depot	51 091 975	52 500 000	(1 408 025)	(2.68%)	52 500 000	97.32%
Section 15 Phase 2 (Close - out // Louis Botha Mixed)	34 497 939	42 118 148	(7 620 209)	(18.09%)	42 118 148	81.91%
Section 15K (Watt Interchange Station Road Works and Bridges)	194 917 183	143 850 000	51 067 183	35.50%	143 850 000	135.50%
Sandton Gautrain	166 425	0	166 425	0.00%	0	0.00%
Ghandhi Square (Stations)	0	1 575 000	(1 575 000)	(100.00%)	1 575 000	0.00%
OTHER Passenger Information Signage at Stations (at Totem, strip maps,"you are here" etc.)	0	2 100 000	(2 100 000)	(100.00%)	2 100 000	0.00%
OTHER: Heritage Bus Rehab	4 524 588	5 250 000	(725 412)	(13.82%)	5 250 000	86.18%
OTHER: ICT	9 802 376	10 500 000	(697 624)	(6.64%)	10 500 000	93.36%
OTHER: Land	5 978 431	8 400 000	(2 421 569)	(28.83%)	8 400 000	71.17%
Greenstone Terminal	1 115 058	5 131 852	(4 016 794)	(78.27%)	5 131 852	21.73%
Old Pretoria Road	2 790 943	2 900 000	(109 057)	(3.76%)	2 900 000	96.24%
Sub-total	431 616 520	431 891 589	(275 069)	(0.06%)	431 891 589	99.94%
OTHER						

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
UN Habitat Public Spaces Project	599 369	975 322	(375 953)	(38.55%)	975 322	61.45%
Sub-total	599 369	975 322	(375 953)	(38.55%)	975 322	61.45%
DEPARTMENT OF SOCIAL DEVELOPMENT (SoC DEV)						
Perth Empire Corridor Co - Production Zone (Westbury TDC)	13 000 000	13 000 000	0	0.00%	13 000 000	100.00%
Louis Botha - Co - Production zone for social interventions Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional	1 218 922	2 300 000	(1 081 078)	(47.00%)	2 300 000	53.00%
Sub-total	14 218 922	15 300 000	(1 081 078)	(7.07%)	15 300 000	92.93%
TRANSPORTATION COJ FUNDING:						
Kazerne Public Transport Facility	22 086 256	20 000 000	2 086 256	10.43%	20 000 000	110.43%
Complete Streets: (KFW - German Development Bank): Orlando East to UJ Soweto Route	927 866	1 000 000	(72 134)	(7.21%)	1 000 000	92.79%
Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E	61 413	4 000 000	(3 938 587)	(98.46%)	4 000 000	1.54%
Complete Streets: NMT Facilities Linking Railway stations - Merafe and "Mzimbhlophe":	10 244 429	36 600 000	(26 355 571)	(72.01%)	36 600 000	27.99%
PTF: Small Public Transport Facilities: Tshepisong:	110 987	2 000 000	(1 889 013)	(94.45%)	2 000 000	5.55%
Complete Streets: NMT Facilities Linking Railway stations New Dube CHIAWELO D City Wide:	0	1 000 000	(1 000 000)	(100.00%)	1 000 000	0.00%
PTF: Small Public Transport Facility Design Kya Sand New Nodal Transport Facilities KYA SAND:	370 508	1 000 000	(629 492)	(62.95%)	1 000 000	37.05%
PTF: Small Public Transport Facilities: DRIEZIEK EXT.3	9 561 360	33 800 000	(24 238 640)	(71.71%)	33 800 000	28.29%
Complete Streets: NMT Facilities Linking Railway stations Dube D Region	61 281 895	30 000 000	31 281 895	104.27%	30 000 000	204.27%
PTF Small Public Transport Facility Design and Construction of Zola Public Transport Facility New	223 717	2 000 000	(1 776 283)	(88.81%)	2 000 000	11.19%

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
Nodal Transport Facilities ZOLA D Regional						
PTF: Small Public Transport Facilities: Orange Farm Ext 7 (Region G)	278 948	2 000 000	(1 721 052)	(86.05%)	2 000 000	13.95%
Small: Public Transport Facility in Zakariya Park Region G	709 245	3 000 000	(2 290 755)	(76.36%)	3 000 000	23.64%
PTF: Redevelopment of Inner City Ranks	0	10 000 000	(10 000 000)	(100.00%)	10 000 000	0.00%
Inner City Transport Masterplan	701 011	2 173 913	(1 472 902)	(67.75%)	2 173 913	32.25%
Inner City Managed lanes	20 041 346	20 000 000	41 346	0.21%	20 000 000	100.21%
Parking Management	0	869 565	(869 565)	(100.00%)	869 565	0.00%
Feasibility Study for Braamfontein	0	1 739 130	(1 739 130)	(100.00%)	1 739 130	0.00%
Feasibility Study Integrated Corridor Management	0	2 173 913	(2 173 913)	(100.00%)	2 173 913	0.00%
Lenasia Scholar Transport Masterplan	555 999	608 696	(52 697)	(8.66%)	608 696	91.34%
Roodepoort CBD Transport Masterplan	1 528 776	1 130 434	398 342	35.24%	1 130 434	135.24%
Sub-total	128 683 756	175 095 651	(46 411 895)	(26.51%)	175 095 651	73.49%
TOTAL	1043 429 080	1187 863 475	(144 434 395)	(12.16%)	1187 863 475	87.84%

SECTION 5: RATIO ANALYSIS (LIQUIDITY, SOLVENCY AND COST COVERAGE)

Key Performance Area	Target	Actual 30 June 2018	Actual 30 June 2019
Current ratio	Above 1 : 1	1.06 : 1	1.04 : 1
Solvency ratio	Above 1 : 1	1.07 : 1	1.06 : 1
Salaries to expenditure ratio	Below 60%	63%	61%
Revenue	R 104.98 million	R99 million	R100million
Expenditure	R104.98 million	R103.2 million	R122 million
Surplus / (Deficit)	Rnil	(R4.2 million)	(R21.9 million)
Total net assets	R47.4 million	R68.3 million	R53.6 million
Capital expenditure	95%	91.80%	87.84%

- Current ratio – the current ratio is positive despite the organisation closing the year on an overdrawn treasury balance. This is due to the high value of related party debtors at year end. This trend is consistent with the prior financial year. Included in the current liabilities is the interest on the shareholders loan that is awaiting reversal.
- Solvency ratio – the solvency ratio is also positive and mainly because the organisation does not have a high fixed asset base and non-current liabilities thus the current assets component of the ratio dominates the non-current (fixed assets) and non-current liabilities components. The trend is consistent with the prior financial year.
- Remuneration to expenditure ratio – Employee costs take up a large percentage of the overall JDA operational budget due to the organisation’s staff complement being made up of professionals particularly in the portfolio departments. The ratio is in line with the target due to the overall increase in the expenditure as this includes the R21 million interest incurred on the overdrawn sweeping account. The interest expense inflates the total expenditure. This would change the overall denominator of the ratio and affect the overall percentage.

SECTION 6: SUPPLY CHAIN MANAGEMENT, BBBEE AND SMME

Supply Chain Management

The JDA’s supply chain management policy uses committee systems for the procurement of services and goods above specified limits. Existing committees include the:

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee.

There are two bid adjudication committees, capital expenditure and the other for operating expenditure:

- The Capital Expenditure Bid Adjudication Committee members include the Chief Financial Officer (chairperson), two Senior Development Managers (whose bid is not being adjudicated on), the Risk

and Compliance Manager, the Executive Manager: Development Facilitation and the Supply Chain Manager.

- The Operating Expenditure Bid Adjudication Committee includes the Chief Financial Officer (chairperson), the Supply Chain Manager, and the Executive Manager: Marketing, the IT Manager, and the Risk and Compliance Manager. Neither committee is authorised to make procurement decisions above R10 million.

Supply chain deviations and approval

According to regulation 36(1) of the Municipal Supply Chain Management Regulations, the accounting officer -

- (a) may dispense with the official procurement processes established by the SCM policy and procure any required goods or services through any convenient process, which may include direct negotiations, but only:
 - i. In an emergency ;
 - ii. If such goods or services are produced or available from a single supplier only;
 - iii. If acquiring special works of art or historical objects where specifications are difficult to compile;
 - iv. If acquiring animals for zoos ; or
 - v. In any other exceptional case where it is impossible or impractical to follow official procurement processes; and
- (b) Ratify any minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers that are of a purely technical nature.

Reg. 36(2) requires the accounting officer to record the reasons for any deviation in terms of sub regulation (1) (a) and (b) above and report them to the board of directors in the case of a municipal entity.

To give effect to regulation 36, the CoJ's supply chain management policy allows the accounting officer to deviate from normal procurement processes under the circumstances outlined above. In terms of regulation 36(1) (b), the accounting officer may ratify any minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers that are of a purely technical nature.

The accounting officer ratified the following deviations for the 2018/19 financial year :

- The deviation from obtaining at least a minimum of three written quotations in terms of Regulation 16, 17 and 18 of the MFMA Act 56 of 2003. The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. For the period 1 July 2018 to 30 June 2019 there were 24 service providers appointed where less than three quotations were returned or obtained to a combined value of R 15 764 531 Excluding VAT) .

According to Regulation 44 of the Municipal Supply Chain Management Regulations the regulation prohibits municipal entities from awarding contracts to a person who is in the service of the state. To date the JDA has not awarded any contract to a person who is in the employment of the state.

Black Economic Empowerment

The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE share of capital and operating expenditure. For 2018/19 financial year, the overall BBBEE share of expenditure was R1 079 203 801.22. This constitutes an achievement of 106% per cent.

TABLE 44: SUMMARY OF BBBEE EXPENDITURE²¹

Description	01 July 2018 – 30 June 2019		
	Total Expenditure (R')	BBBEE Claimed (R')	BBBEE %
Capex	952 607 737.78	1 030 918 448.27	108%
Opex	65 861 792.69	48 285 352.95	73%
Consolidated Opex and Capex	1 018 469 530.47	1 079 203 801.22	106%

The JDA uses various criteria for calculating the BBBEE claimed. Each service provider's individual BBBEE rating affects the amount of expenditure the JDA can claim as being from a BBBEE-compliant service provider when calculating its preferential procurement points. The higher the service provider's rating, the more expenditure can be claimed. If the agency buys from a level 1 service provider, it can claim 135% of the actual expenditure. For example, if the JDA spends R10 000 with a level 1 service provider, it can claim R13 500 as BBBEE spend. If it spends R10 000 with a level 6 service provider, it can only claim R6 000. The JDA only claims 100% for service providers with BBBEE level 1 to 4 and 80 percent, 60 percent, 50 percent and 10 percent for service providers with BBBEE level 5 to 8 respectively.

The JDA confirms the validity of BBBEE certificates by verification agencies by tracing the name of the agency to the South African National Accreditation System's list of accredited agencies.

Each BBBEE level is translated into a BBBEE score reflected as a percentage. For example, BBBEE level 6 equals 60%, while BBBEE level 1 equals 135%.

B-BBEE Status Level Of Contributor	B-BBEE Recognition	Number of Points	
		Tenders up to R30,000 R50 million	Tenders above R50+ million
1	135%	20	10
2	125%	18	9
3	110%	14	6
4	100%	12	5
5	80%	8	4
6	60%	6	3
7	50%	4	2
8	10%	2	1
Non-Compliant contributor	0%	0	0

Enterprise / SMME Development

In line with national development and shared growth imperatives, the CoJ recognises that creating jobs and ensuring that SMMEs have access to procurement opportunities are essential elements of an economically viable city.

²¹ The reason why there is a difference in total expenditure and expenditure claimed for BBBEE is that the JDA's 5% Development Fee and retentions have been excluded

Over the years, the JDA has established processes and practices to support job creation and enterprise and skills development for previously disadvantaged groups, including black people, women, youth and people with disabilities. But the impact of these processes and practices have not been adequately measured and reported on in the past. The agency has also recognised the need to consolidate and extend these practices by designing and implementing a programme that will drive the achievement of empowerment objectives, and align projects and approaches to address the challenges facing previously disadvantaged enterprises.

The enterprise development programme is made up of the following components:

- **Emerging contractor development** for SMMEs working on JDA projects (both subcontractors and those contracted directly by the JDA). This includes general training.
- Training on **winning business** for SMMEs (with a focus on unsuccessful bidders identified through the JDA tender process).

The JDA reports on the SMME share of both actual expenditure and contractual commitments for all active contracts. The table below shows the SMME share of capital and operating expenditure. The SMME share of JDA's operating and capital expenditure was R293 343 187.37 for 2018/19 financial year. This constitutes an achievement of 29% for the period under review.

TABLE 26: SUMMARY OF SMME EXPENDITURE²²

Description	01 July 2018 – 30 June 2019	
	SMME Expenditure (R')	SMME %
Capex	279 170 768.01	29%
Opex	14 172 419.36	22%
Consolidated Opex and Capex	293 343 187.37	29%

Report on Irregular, Fruitless and Wasteful Expenditure and Due Process

JDA has not incurred any fruitless, wasteful and unauthorized transactions in 2018/2019 with the exception of irregular expenditure.

The JDA incurred irregular expenditure to the value of 11,507,493.00 year to date for 2018/19. The nature of the irregular expenditure is as follows:

- The extension of the contract with Zeda Car Leasing (Pty) Ltd t/a Avis Fleet Services was not done in accordance with applicable legislation by the City of Johannesburg. JDA acquired the contract under regulation 32 of MFMA for five years which ended on the 31st of October 2017. The City is in the process of entering into a new contract following supply chain management regulations.
- Included in the operating expenditure is interest charged on an overdrawn sweeping account from CJMM. This refers to internal interest charged within the group and a request post year end for a write-off has been made. The value is in excess of the budget and therefore results in an irregular expenditure disclosure.

²² Note: Any discrepancies between this table and the financial statements are due to timing differences between when the expenditure is captured in the Development Information Management System and the report on actual invoices paid. These variances are not significant and the ratios remain valid.

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

TABLE 27: PENDING LITIGATIONS AND POSSIBLE LIABILITIES.

Case Matter	Amount Claimed	Date Instituted	Description	Current Status	Anticipated Date	Chance of Success
Ubuntu Kraal (Pty) Ltd vs JDA	± R23 555 160, 06 million	13/12/2013	Damages suffered by Ubuntu Kraal as a result of “alleged” negligence by the JDA and other parties.	<p>On Friday, 13 December 2013 the JDA was served with summons. The summons relate to the “alleged” negligence on the part of the JDA during the widening of the Klipspruit Valley Road during the construction of the BRT routes around 2010. It is alleged that as a consequence of such construction, which resulted in flooding in 2010 and 2011, damages to buildings and properties to the tune of approximately R23 555 160, 06 was incurred by the plaintiff. The JDA has been cited as the first defendant and the City of Johannesburg as the second defended in the matter, together with other 5 defendants.</p> <p>The JDA has appointed Routledge Modise Attorneys (T/A Hogan Lovells) to assist in defending the matter.</p> <p>Routledge Modise have handed over the matter to the insurers attorneys at the request of the JDA’s insurers (Webber Wentzel Bowens).</p>	Not yet determined at this stage.	Not yet determined at this stage.

Case Matter	Amount Claimed	Date Instituted	Description	Current Status	Anticipated Date	Chance of Success
				<p>The matter is being defended by the JDA and COJ's insurer's lawyers.</p> <p>The Matter was set for trial in June 2018 but was withdrawn from the trial roll.</p> <p>There has been no development since the matter was removed from the trial roll in June 2018.</p> <p>The plaintiff's attorneys have withdrawn as attorneys of record on this matter and the attorneys that are meant to take over this matter have not yet filed their notice of substitution.</p> <p>We have written to the attorney and are yet to receive a response as to whether they still intend pursuing this matter.</p>		
<p>Tembu Convenience Centre CC vs City of Johannesburg 1st Defendant and Others (JDA- 2nd Defendant)</p>	± R10 488 324 million		<p>Damages suffered by Tembu Convenience Centre CC as a result of "alleged" extensive permanent road diversions and/or closures having been effected in order to cater for the BRT system in the area known as "Soweto to Parktown Bus Rapid Network, Section 1,</p>	<p>The JDA has successfully defended the matter through its attorneys (Mchunu Inc.) at the Supreme Court of Appeal and was awarded costs.</p>	Completed	Succeeded

Case Matter	Amount Claimed	Date Instituted	Description	Current Status	Anticipated Date	Chance of Success
			Moroka Police Station to Modderspruit Culvert". It is alleged that COJ or the JDA failed to comply with the relevant legislation and ordinances.			
Achusim Chijoike vs (JDA 1 st Defendant) and Sykmark Security Services (Pty) Ltd (2 nd Defendant)	± R353000.00	10/2013	Injury suffered by Plaintiff as a result of a shooting incident that occurred in December 2010. The Plaintiff alleges that the person implicated in the shooting is linked to the JDA as its employee. Hence the claim of vicarious liability.	The JDA was incorrectly cited as a party to the proceedings. Particulars of defence were submitted to the plaintiff accordingly. The Plaintiff has to date not responded to our pleadings. A letter has been addressed by the JDA's attorneys (Routledge Modise T/A Hogan Lovells) to the Plaintiff to the effect that should we not receive any feedback from them, we shall proceed to seek court approval to withdraw the matter. We still await feedback from the Plaintiff's attorneys.	The matter stopped At pleadings stage and is likely not going to proceed.	Not yet determined.
Bertrams Priority Block vs JDA	Not applicable	February 2008	Relocation of illegal occupants in various buildings around Bertrams Priority Block.	The JDA has through its Attorneys (Edward Nathan Sonnenburg ENS) entered into legal proceedings regarding the relocation of illegal occupants in various buildings around Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng	On-going	Good

Case Matter	Amount Claimed	Date Instituted	Description	Current Status	Anticipated Date	Chance of Success
				High Court. Negotiations are underway with the occupants to settle the matter out of court. Progress made since 2012, some occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The few that would be left would, due to inability to meet monthly rentals, be accommodated by the Department of Housing. The parties are working together to reach agreement without a protracted litigation processes.		
Grayston Bridge Collapse (scaffolding)		2015	<p>The scaffolding supporting the bridge collapsed in 2015 resulting in 2 fatalities and an additional 9 people injured as a result of the collapse.</p> <p>The matter was investigated by the Department of Labour and a hearing commenced in 2016 and concluded in July 2018.</p>	The hearing took place and completed. We now await the report with the outcome from the Commissioner from the Department of Labour in this regard.	Not yet determined	Good
Dark Fibre Africa vs JDA and Easyway Tarmac Pave and Projects CC	R42,037.85	14/03/2014	The matter relates to the fibre optic cable that was damaged by opening a trench in the road reserve with a TLB	The contractor (Easy Way Tarmac) made payments arrangements with the Plaintiff and this regards and commenced payment of the damages claimed since 12 October	The matter has been finalised	The matter has been finalised.

Case Matter	Amount Claimed	Date Instituted	Description	Current Status	Anticipated Date	Chance of Success
			<p>Machine along the road carriage way of Orlando east, near Sefa Sonke street around 22 June 2013.</p> <p>The plaintiff, Dark Fibre Africa (Pty) Ltd is suing the JDA (2nd Defendant) on the basis that JDA used the services of Easyway Tarmac Pave and Projects CC to manage and control the execution of the water pipeline project and to do the drilling and excavation along the road carriage way of Orlando east near the intersection with sefa sonke street.</p>	2016.		

SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

TABLE 28: INSURANCE CLAIMS AGAINST THE ENTITY

Insured Year	Claim Number	Date of Loss	Date Notified	Days Outstanding	Risk Description	Gross Claim Amount	Risk Category
2014/15	5154920 4	14/07/201 4	29/06/20 17	730	Injury/ fatality to third parties	599 360.00	Public liability
2014/15	5155734 1	8/03/2016	17/07/20 16	1080	Accidental damage	5 000.00	Public liability
2017/18	5155162 6	12/06/201 7	02/10/20 17	660	Negligence / Contractual Obligation	705 000	Liability
ez2018/19	5157424 8	30/01/201 8	28/03 /2019	90	Storm / flood / inland	Not determined yet	Assets
2018/19	5157410 2	10/10/ 2018	03/04/20 19	87	Accidental damage	Not determined yet	Contractors all risks

SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

TABLE 29: AMOUNTS OWED BY CITY OF JOHANNESBURG DEPARTMENTS

Name of department	Current claims	Remaining Balance	Total amount due	Comments
	R' 000	R' 000		
City of Johannesburg - CAM & USDG	107,209	2,456	109,665	Balance relates mainly to current claims.
City of Johannesburg - Department of Transportation	297,619	116,922	414,541	A significant payment was settled in February 2019 post budget adjustment confirmation that was received. Balance relates mainly to current claims.
City of Johannesburg - Department of Planning	103,670	8,787	112,457	Balance relates mainly to current claims and some claims for 2017/18 financial year that are awaiting budget lift approval
City of Johannesburg - EMS	9618	25,487	35,105	Balance mainly relates to amounts outstanding since 2016/17 financial year. Although discussions have been held with the department, no payments have yet been received.
City of Johannesburg - Department of Health	17,059	10,809	27,868	Balance relates mainly to current claims.

Name of department	Current claims	Remaining Balance	Total amount due	Comments
	R' 000	R' 000		
City of Johannesburg - Economic Development	506	19,400	19,906	Balance mainly relates to amounts outstanding since 2016/17 financial year and remainder is for the current claims . Although discussions have been held with the department, no payments have yet been received. Matter has been escalated to the ED: Economic Development
City of Johannesburg - Housing	7,036	3,140	10,176	Balance includes amounts outstanding since 2017/18 financial year and the current claims . We had discussions with the department, and majority of the opening balance was settled.
City of Johannesburg - GSPCR		3,850	3,850	Balance mainly relates to amounts outstanding since 2016/17 financial year. Although discussions have been held with the department, no payments have yet been received.
City of Johannesburg - Other departments	5,780	5,446	11,226	Balance includes amounts outstanding since 2017/18 financial year and the remaining balance is for current claims . Although discussions have been held with the department, no payments have yet been received.
Total	548,297	196,297	744,594	

CHAPTER 6: AUDITOR-GENERAL AND INTERNAL AUDIT FINDINGS

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

The chart below serves to indicate an overview of the audit conclusion made regarding the control environment based on the audits completed by internal audit in the 2018/19 financial year. Overall there were forty one (41) audit projects completed by internal audit.

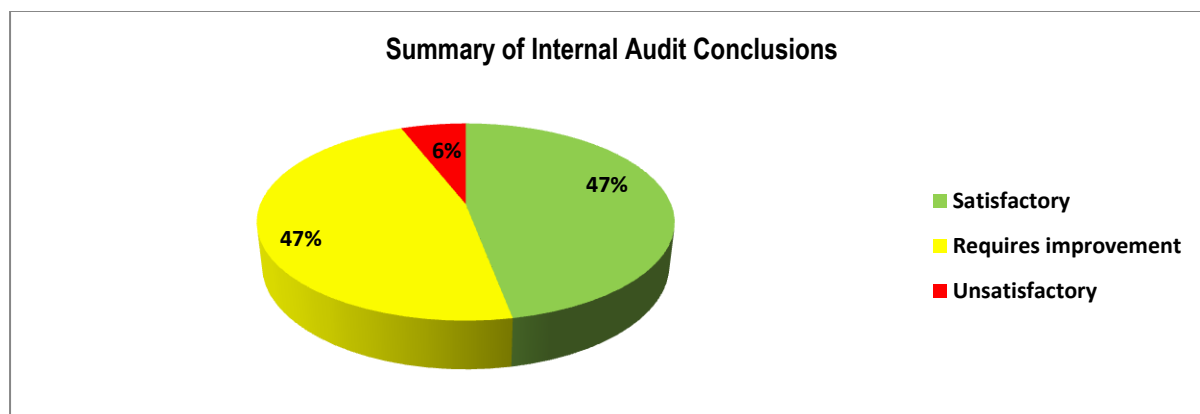


FIGURE 9: OVERVIEW OF AUDIT CONCLUSIONS MADE FROM AUDITS CONDUCTED IN 2018/19

The tables below list the audits that were conducted in this financial year:

TABLE 38: PROGRESS MADE AGAINST THE APPROVED 2018/19 ANNUAL INTERNAL AUDIT PLAN FOR THE PERIOD 01 JULY 2018 TO 30 JUNE 2019

No.	Audit Description	Status	Comments	Conclusion on Control Environment
1	1 st quarter follow up on internal and external audit findings	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
2	2 nd quarter follow up on internal and external audit findings	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
3	3 rd quarter follow up on internal and external audit findings	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
4	Review of Fraud Risk Management Programme	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Satisfactory
5	Financial Discipline Review	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
6	Review of the draft annual financial statements	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
7	Review of the 2017/18 Annual Integrated Report	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
8	Budget and Expenditure Management process	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
9	Audit of the SCM process	Completed	Audit completed and final report issued to management.	Requires improvement
10	Contact Management Review	Completed	Audit completed and final report issued to management and the	Requires improvement

No.	Audit Description	Status	Comments	Conclusion on Control Environment
			Audit and Risk committee	
11	1 st quarter performance review (AOPO)	Completed	Audit completed and final report issued to management and the audit and risk committee	Requires improvement
12	2 nd quarter performance review (AOPO)	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Satisfactory
13	3 rd quarter performance review (AOPO)	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
14	Performance Bonuses Review level below senior managers	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
15	Review of the recruitment, termination, leave and overtime process.	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement
16	Information technology and General Controls	In progress (20% completed)	The services will be outsourced. This audit has been carried over to the 2019/20 annual audit plan and will be conducted in the 1 st quarter of 2019/20.	Not yet finalised
17	SAP HCM SCM and Finance data migration	Completed	The services will be outsourced. The BAC report has been submitted for recommended supplier	Requires improvement
18	Cell phones and 3G Management process	Completed	Audit completed and final report issued to management and the Audit and Risk committee	Requires improvement

TABLE 39: PROBITY AUDITS ON BIDS ABOVE 5 MILLION REVIEWED PRIOR TO AWARDING IN 2018/19

No.	Audit Description	Status	Comments	Conclusion on Control Environment
1	Re-appointment of main contractor for the construction of the Kazerne Intermodal Facility	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Requires improvement
2	Pre-qualification of contractor Our City our Block	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Satisfactory
3	Re appointment of main contractor for the construction of Braamfischerville Ext 12 Roads and Storm waters	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Satisfactory
4	Gandhi Precinct East development: Upgrade of Main Street	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Satisfactory
5	Re appointment of the main contractor for the construction of Florida Clinic	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Satisfactory
6	Contract administration services for the Rea Vaya intelligence transport facility	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Requires improvement
7	Appointment of main contractor for the refurbishment of the administrative building at Rea Vaya Selby bus depot	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Satisfactory
8	SUPPLEMENTARY INTERNAL AUDIT REPORT: Construction of Kazerne Intermodal Facility	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Unsatisfactory
9	SUPPLEMENTARY INTERNAL AUDIT REPORT:	In progress	Report project at reporting stage	Requires improvement

No.	Audit Description	Status	Comments	Conclusion on Control Environment
	Braamfischerville Ext 12 Roads and Storm water			
10	Appointment of main contractor for the upgrade of Greenside Park n Ride	In progress	Report project at reporting stage	Satisfactory
11	Pre-qualification of contractors – Bophelong Clinic	Completed	Report issued to the Accounting Officer and the Audit and Risk committee.	Requires improvement
12	Drieziek Public Transport Facility	Completed	Report issued to the Accounting Officer and the Audit and Risk committee.	Satisfactory
13	Pre-qualification of contractors – Jabulani phase 7: Construction of Molapo Bridge	Completed	Report issued to the Accounting Officer and the Audit and Risk committee.	Requires improvement
14	Appointment of main contractor – Rea Vaya BRT systems and Phase 1C (A) – design, build and Maintenance of the ITC System	Completed	Report issued to the Accounting Officer and management. Final report to be presented to ARC at ARC meeting in Q3.	Satisfactory
15	Rea Vaya BRT Selby Phase 2B – Existing bus depot refurbishment	Completed	Report issued to the Accounting Officer and management. Final report to be presented to ARC at ARC meeting in Q3.	Satisfactory
16	Pre-qualification of contractors - Jabulani Phase 6B: Multipurpose building	Completed	Report issued to the Accounting Officer and management. Final report to be presented to ARC at ARC meeting in Q3.	Satisfactory
17	Appointment of main contractor – Ebony Park (Kaalfontein) intersection upgrade and, public environment upgrade at Kaalfontein, Johannesburg,	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Satisfactory
18	Work package 1 : Kaalfontein and Matholesville MPCs – Appointment of main contractors	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.	Unsatisfactory
19	Work package 2 (Lehae MPC, Ivory Park swimming pool, and Drieziek MPC Projects)	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee	Satisfactory
20	Work package 1 : Work Package 1_ Kaalfontein and Matholesville (Civil and Structural Engineers)	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee	Satisfactory
21	Work Package 2_ Lehae Ivory and Drieziek (Civil and Structural Engineers)	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee	Satisfactory
22	Rea Vaya BRT System Phase 1C (A)-Design, Build and Maintenance of the ICT system	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee	Satisfactory
23	Alexandra Youth Development Safe Hub: Main Contractor	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee	Satisfactory
24	Pre-qualification for the construction of various multipurpose facilities (Comdev)	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee	Requires improvement

All the areas for improvement identified through the audit efforts were communicated to management through the internal audit reports. Management continues to ensure that internal audit findings are resolved, through the implementation of recommendations and the agreed upon action plans.

TABLE 40: CONTROL ENVIRONMENT CONCLUSION EXPLANATION

Control Environment	Definition	Indicator
Unsatisfactory	Audit results indicate that insufficient reliance can be placed on the design and operational effectiveness of internal controls to mitigate the risks to which the activity under review is exposed.	A breakdown in the overall management of a part of the business or the process being reviewed. Primarily “Catastrophic” risk findings. Actions are likely to bring JDA’s brand and reputation into disrepute. A breakdown in accounting, reporting and other key financial and operating controls. Non-existent financial and operating controls. Non-compliance to laws and regulations.
Requires Improvement	Audit results indicate that limited reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	Primarily “Major or moderate” risk findings. Inadequate compensating controls. Overall control environment for the audited process/focus area is of an adequate standard.
Satisfactory	Audit results indicate that sufficient reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	Primarily “Minor or insignificant” risk findings. Overall control environment for the audited process/focus area is of the required standard. Adequate compensating controls in place.

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

Internal Audit conducts follow-up reviews on a monthly basis on the status of unresolved findings and then provides these monthly reports on the status of unresolved findings to the chairperson of the Operation Clean Audit (OPCA) Committee and to the Group Risk Assurance Services for discussion with the City Manager.

On a quarterly basis Internal Audit, also conducts a follow-up on the implementation of Internal and External audit recommendations. These reports are presented to the Audit and Risk Committee, who monitors the progress made by management on the implementation of recommendations and action plans.

Majority of the findings raised in this financial year were repeat findings from the previous years due to inadequate controls put in place to address the recurring control weaknesses.

TABLE 41: INTERNAL AUDIT FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2013/14	0	2	2
2014/15	2	15	17
2015/16	4	41	45
2016/17	5	53	58
2017/18	8	32	40
2018/19	14	13	27
Total number as at 30 June 2019	33	156	189
Percentage	17%	83%	100%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

The table below provides a summary of AG Findings raised in the 2014/2015, 2015/2016, 2016/17 and 2017/18 financial period:

TABLE 42: AUDITOR GENERAL FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	1	10	11
2015/16	2	32	34
2016/17	1	5	6
2017/18	2	3	5
Total I number as at 30 June 2019	6	50	56
Percentage	11%	89%	100%

SECTION 4: OVERALL STATE OF INTERNAL CONTROLS

Effective risk management and compliance with government regulations are driving the need for ongoing auditing. JDA is subjected to internal and external audits each year, thus making audit co-ordination and management vitally important by ensuring timeous implementation of corrective action to clear audit findings, strengthen risk management and compliance. Regular audits are essential to reduce the risk of non-compliance.

Internal controls refer to the policies, practices and systems that the organisation has put in place to:

- Provide reasonable assurance that the organisation will achieve its objectives;
- Prevent fraud and corruption from occurring;
- Protect resources from waste, loss, theft or misuse; and
- Ensure that resources are used efficiently and effectively.

The JDA has a system of internal control to provide cost-effective assurance that the entities goals will be economically, effectively and efficiently achieved. In line with the MFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King Code Report on Corporate Governance, Internal Audit provided the Audit and Risk Committee and Management with quarterly internal audit reports in terms of its approved annual Internal Audit Plan.

From the Internal Audit reports, it was noted that there were no material deficiencies in the system of internal control for the reporting period.

The entity also has various functional and effective management structures such as the Executive Management Committee, Programme Project Management Committees, Operation Clean Audit Committee to review, monitor and evaluate programme performance and make corrective measures where necessary.

Management is committed to addressing control weaknesses identified by internal and external audit through implementation of audit recommendations and monitoring of action plans. However there is still room for improvement as stricter commitment is required from management to ensure that audit findings are promptly resolved. Based on the internal audits completed in this financial year, internal audit's overall conclusion on the state of internal controls is that controls currently in place are adequate; however partially effective to provide reasonable assurance that JDA objectives will be achieved.

The overall JDA control environment requires improvement.

SECTION 5: AUDITOR-GENERAL'S REPORT FOR THE CURRENT YEAR

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all Municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

TABLE 43: AUDIT OPINIONS

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Audit opinion	Unqualified	Unqualified	Unqualified	Clean	Clean	Clean	Clean	Clean

Report of the auditor-general to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on the Johannesburg Development Agency (SOC) Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Johannesburg Development Agency (SOC) Ltd set out on pages 163 to 224, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg Development Agency (SOC) Ltd as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act no. 71 of 2008) (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipal entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Significant uncertainty

7. With reference to note 31 to the financial statements, the entity is a defendant in various lawsuits. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and the Companies Act and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the Johannesburg Development Agency (SOC) Ltd's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the municipal entity for the year ended 30 June 2019:

Programmes	Pages in the annual performance report
Priority 1- Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty & Priority 2 - Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress	68 – 85
Day-to-day Programme	87 – 89

17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty & Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress

- Day-to-day Programme

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 68 to 85; 87 to 89 for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

23. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. No material inconsistencies were identified.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Other reports

28. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipal entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

29. Three investigations relating to allegations of procurement irregularities, corruption and conflict of interest are being performed by City of Johannesburg Group Fraud and Investigation Services. The investigations were ongoing as at the reporting date.

Auditor - General

30 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the municipal entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Johannesburg Development Agency (SOC) Ltd ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipal entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

SECTION 6: HISTORICAL AUDIT FINDINGS AND REMEDIAL ACTION

In 2017/18, the JDA received a clean audit opinion. The Auditor-General also identified areas of improvement for management. Recommendations included improved non-financial performance information controls and reporting. Remedial action has since been taken.

APPENDICES

APPENDIX A: BOARD OF DIRECTORS; COMMITTEE ALLOCATION AND ATTENDANCE

The Board meets regularly, retains full and effective control over the company and monitors the implementation of the company's strategic programmes by the executive management through a structured approach of reporting and accountability. It sets the strategic direction of the JDA and monitors overall performance. All JDA's Board Committees are chaired by non-executive directors. JDA monitors overall performance.

Board Meeting Attendance

The Board meets not less than four times a year to consider matters specifically reserved for its attention. Indicated in the table below are the Board and committee's meetings held during the period under review. Attendance at meetings held during the period under review was as follows:

TABLE 44: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (1 JULY 2018– 17 APRIL 2019)

Name	Board				Audit & Risk Committee				Social & Ethics/ HR & Remco Committee			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
C Coovadia	3	2	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Govender	3	3	0	0	5	5	0	0	N/A	N/A	N/A	N/A
P Masilo	3	3	0	0	N/A	N/A	N/A	N/A	2	2	0	0
P Zagaretos	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N Ngwenya	3	3	0	0	N/A	N/A	N/A	N/A	2	2	0	0
M Qobo	3	2	1	0	5	3	2	0	2	1	1	0
A Steyn	3	3	0	0	5	5	0	0	N/A	N/A	N/A	N/A
M Dolamo (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	5	3	2	0	N/A	N/A	N/A	N/A
K Onuoka (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	5	5	0	0	N/A	N/A	N/A	N/A
Z Samsam (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	5	4	1	0	N/A	N/A	N/A	N/A

TABLE 45: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (17 APRIL 2019 – 30 JUNE 2019)

Name	Board				Audit & Risk Committee				Social & Ethics/ HR & Remco Committee				Development & Investment Committee			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
M Ntanga	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Govender	2	2	0	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S Jensma	2	2	0	0	N/A	N/A	N/A	N/A	1	1	0	0	0	0	0	0
P Zagaretos	2	2	0	0	N/A	N/A	N/A	N/A	1	1	N/A	N/A	0	0	0	0
J Karuri-Sebina	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
T Sambo	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
E Peters	2	2	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
A Steyn	2	2	0	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Moodley (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Onuoka (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	2	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Z Samsam (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE

Board Committees

The following committees have been formed, each of which is chaired by a non-executive director.

TABLE 46: BOARD COMMITTEES

Pre-17 April 2019 AGM	Post – 17 April 2019 AGM
Audit and Risk Committee	Audit and Risk Committee
Social and Ethics / HR & Remco Committee	Social and Ethics / HR & Remco Committee
	Development and Investment Committee (With Effect from 11 June 2019)

Each committee composition is as follows:

TABLE 47: AUDIT AND RISK COMMITTEE FOR THE PERIOD 1 JULY 2018 TO 17 APRIL 2019

Composition	Mandate
K Govender (Chair) A Steyn M Qobo K Onuoka (IAC) Z Samsam (IAC) M Dolamo (IAC)	The committee has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and financial performance oversight. The Audit and Risk Committee has a Charter with clear terms of reference as guided by the provisions of Section 166 of the MFMA. The Committee has the following responsibilities: <ul style="list-style-type: none"> • Reviewing JDA’s internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board. • To provide reasonable assurance to the external auditors that control procedures are in place and are being followed. • Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.

TABLE 48: AUDIT AND RISK COMMITTEE FOR THE PERIOD 17 APRIL 2019 TO 30 JUNE 2019

Composition	Mandate
K Govender (Chair) A Steyn K Onuoka (IAC) Z Samsam (IAC) K Moodley (IAC)	The committee has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and financial performance oversight. The Audit and Risk Committee has a Charter with clear terms of reference as guided by the provisions of Section 166 of the MFMA. The Committee has the following responsibilities: <ul style="list-style-type: none"> • Reviewing JDA’s internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board. • To provide reasonable assurance to the external auditors that control procedures are in place and are being followed. • Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.

TABLE 49: DEVELOPMENT AND INVESTMENT COMMITTEE FOR THE PERIOD 11 JUNE 2019 -30 JUNE 2019

Composition	Mandate
J Karuri-Sebina (Chair) P Zagaretos T Sambo	The Committee is responsible for evaluating development proposals with a view to making recommendations for approval to the Board. This entails examining risks associated with the proposed projects such as the financing, returns and projects risk profiles.

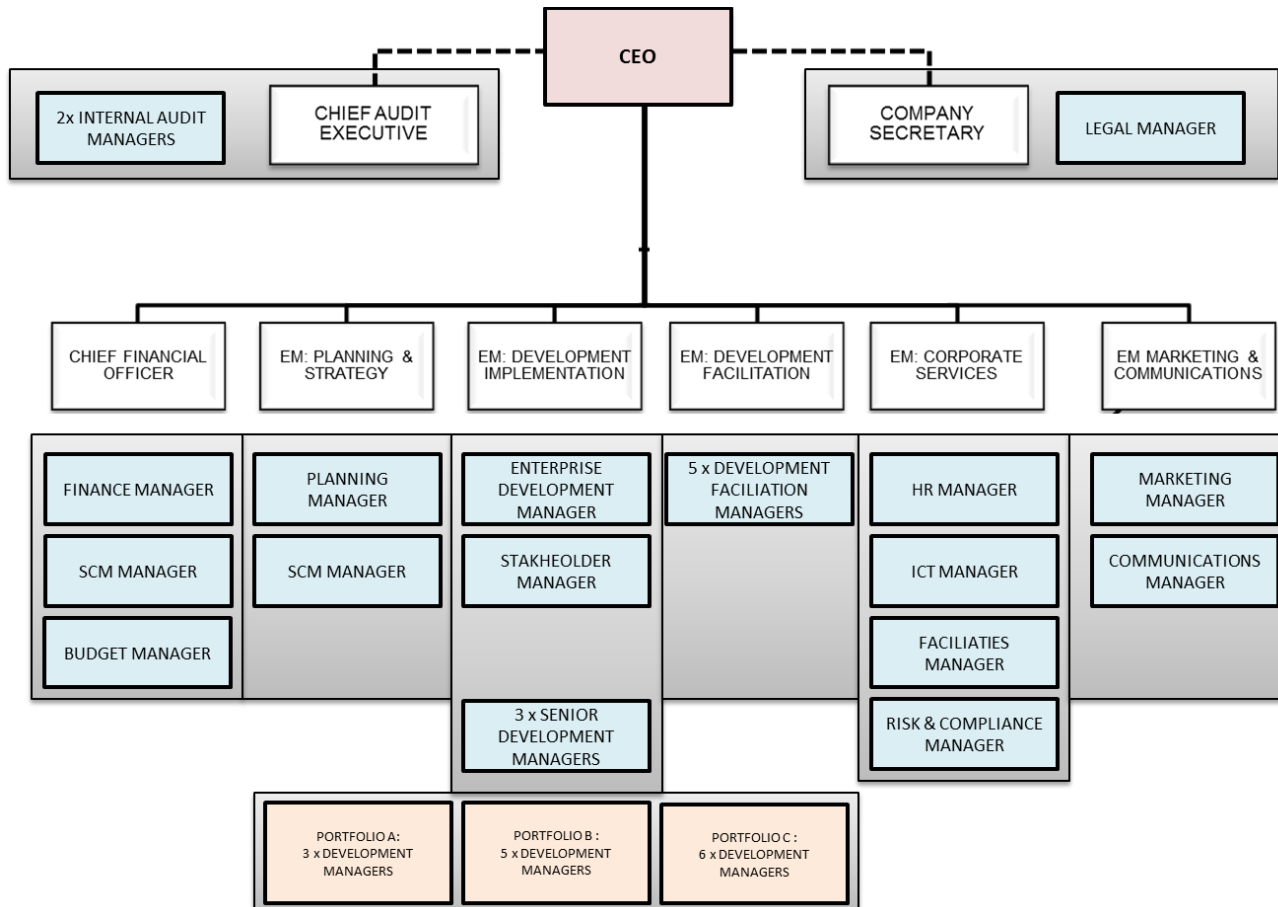
TABLE 50: SOCIAL AND ETHICS, HUMAN RESOURCES AND REMUNERATION COMMITTEE FOR THE PERIOD 1 JULY 2018 TO 17 APRIL 2019

Composition	Mandate
N Ngwenya (Chair) P Zagaretos P Masilo P Mashele	The Social and Ethics Committee is responsible for acting as the social conscience of the business and ensuring that the company conducts itself as a responsible corporate citizen. This means ensuring that the JDA conducts its business in a sustainable manner, having regard for the environment, fostering healthy relationships with all its stakeholders and considering the impact of its work within the community. This committee also considers the treatment of and investment in employees, health and safety practices, black economic empowerment and the ethical corporate culture. The committee ensures that the remuneration of the Chief Executive Officer and senior management are within the upper limits as determined by the City of Johannesburg in accordance with the provisions of Section 89(a) of the MFMA.

TABLE 51: SOCIAL AND ETHICS, HUMAN RESOURCES AND REMUNERATION COMMITTEE FOR THE PERIOD 17 APRIL 2019 TO 30 JUNE 2019

Composition	Mandate
S Jensma (Chair) P Zagaretos E Peters	The Social and Ethics Committee is responsible for acting as the social conscience of the business and ensuring that the company conducts itself as a responsible corporate citizen. This means ensuring that the JDA conducts its business in a sustainable manner, having regard for the environment, fostering healthy relationships with all its stakeholders and considering the impact of its work within the community. This committee also considers the treatment of and investment in employees, health and safety practices, black economic empowerment and the ethical corporate culture. The committee ensures that the remuneration of the Chief Executive Officer and senior management are within the upper limits as determined by the City of Johannesburg in accordance with the provisions of Section 89(a) of the MFMA.

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE



APPENDIX D: FUNCTIONS OF ENTITY

The JDA has a Service Delivery Agreement (SDA) with the CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY which defined the function / services applicable to the JDA.

APPENDIX G: RECOMMENDATIONS OF THE AUDIT AND RISK COMMITTEE

TABLE 52: AUDIT AND RISK COMMITTEE RECOMMENDATIONS

Date of committee	Committee recommendations during 2018/19	If recommendations adopted, enter Yes. If not adopted, provide explanation
10 July 2018	Fourth Quarter Performance Report	Yes
	Progress on Revenue Shortfall and Funding Model	The Committee noted the report accordingly
	Consolidated summary report on internal audit reports	The Committee noted the report accordingly
24 August 2018	a) Auditor General's Audit Strategy b) Auditor General Engagement Letter c) 2017/18 Annual Integrated Report	a) Yes b) Yes c) Yes
	a) CFO's Report including 2017/18 unaudited Annual Financial Statements b) Internal Audit: Review of Annual Financial Statements and Annual Report	a) The Committee noted the report accordingly b) The Committee noted the report accordingly
08 October 2018	a) Internal Audit Charter b) 2018/19 First Quarter Report	Yes Yes
	a) Finance Policies b) SCM Policy	The Committee partly considered the finance policies and agreed to defer the approval of the rest of the finance and SCM policies to the special meeting of 21 November 2018
	a) CFO's Report b) ICT Progress Report c) OPCA Progress Report	a) The Committee noted the report accordingly b) The Committee noted the report accordingly c) The Committee noted the report accordingly
	Risk Management Policies	The Committee was provided with the Risk Management Policies but could not deliberate on the policies at the meeting as the author of the policies Mr Johnston was on study leave. The Committee expressed its dissatisfaction in this regard as it expected EXCO to own up to the policies in the absence of the author.
13 November 2018	ICT Governance Charter	The Committee did not approve the ICT Governance Charter. The Charter should be resubmitted taking into account comments made at the meeting. The IT Governance Charter which will include IT Steering Committee matters should be presented separate from the Terms of Reference for the IT Steering Committee for the approval by the Committee. The IT Steering Committee Terms of Reference should first be reviewed by Exco fully thought

Date of committee	Committee recommendations during 2018/19	If recommendations adopted, enter Yes. If not adopted, provide explanation
		through and presented at the next Committee meeting for approval.
	<p style="text-align: center;">Risk matters</p> a) Fraud Risk Management Policy b) Whistle Blowing Policy c) Declaration of interests Policy d) Fraud Prevention Strategy and Response Plan	a) Yes b) Yes c) Yes d) Yes
	Business Continuity Management Framework	<p>The Committee did not approve the Business Continuity Management Framework.</p> <p>Management was requested to resubmit the document taking into account comments made at the meeting.</p>
	Risk and Compliance Implementation Plan	<p>The Committee did not approve the proposed Risk and Compliance Implementation Plan but noted it instead.</p> <p>The CFO was requested to do cost analysis on the proposed plan and present to the Committee with a recommendation.</p>
	Budget Adjustment Report	The Committee noted the report accordingly
	2018/19 First Quarter Risk & Compliance Progress Report	The Committee noted the report accordingly
	1 st Quarter Risk & Compliance Progress Report	The Committee noted the report accordingly
	Internal Audit Progress Report	The Committee noted the report accordingly
	External Audit Process Progress Report	The Committee noted the report accordingly
21 November 2018	AGSA Draft Management Report	Yes
	Draft Audit Report	Yes
	Finance Policies: Financial Policy and Asset Management Policy	Yes
	Supply Chain Management Policy	Yes
	Review of amendments to AFS and IA Post audit (Including amended 2017/18 Audited AFS and 2017/18 Audited Integrated Annual Report)	The Committee noted the report accordingly
13 March 2019	a) Mid-year scorecard and Budget adjustment b) ICT Charter c) Annual Audit Plan Changes Memo	Yes Yes Yes
	a) CFO's Report b) Q2 Risk and Compliance Report c) Internal Audit Progress Report	a) The Committee noted the report accordingly b) The Committee noted the report

Date of committee	Committee recommendations during 2018/19	If recommendations adopted, enter Yes. If not adopted, provide explanation
	d) Follow-up on Findings as at 28 February 2019 e) Cover Letter on Audits Completed and x 14 Reviewed Audit Reports f) Cover Letter and Quality Assurance Improvement Programme Manual g) ICT Progress Report	accordingly c) The Committee noted the report accordingly d) The Committee noted the report accordingly e) The Committee noted the report accordingly f) The Committee noted the report accordingly g) The Committee noted the report accordingly
09 April 2019	a) Q3 Performance Report b) ICT Security Policy c) Revised JDA's Funding Model	Yes Yes Yes Yes
	Risk Tolerance Framework	<p>The Committee did not recommend the framework to the Board for approval but provided various comments and input to the framework for management to take into account prior to presenting it to the Board for approval.</p> <p>The Company Secretary should provide a written legal opinion with regards to the applicability of the framework as previously requested, prior to presenting the document to the Board for consideration and approval. (CoSec)</p>
	Strategic Risk Register	<p>The Committee did not recommend the Strategic Risk Register to the Board for approval. Management was requested to ensure that the risk register was aligned to the JDA's business plan thereafter taken through risk management process at the Board Strategic session prior to being presented to the Committee.(Risk & Compliance Manager)</p>
	Project Selection Criteria for Fraud Detection Review	<p>The report should be resubmitted to the Committee, taking into account various comments and input provided at the meeting.</p>
	Revised JDA's Funding Model	<p>The revised JDA's funding model was deferred to the next Committee meeting.</p>
03 June 2019	a) CFO's Report b) SAP HCM Data Migration c) Q3 Risk and Compliance Progress Report d) Review of 8 tenders above R5m: (i) Pre-qualification appointment of various Multipurpose Facilities for Community Development Department;	a) The Committee noted the report accordingly b) The Committee noted the report accordingly c) The Committee noted the report accordingly d) The Committee noted the report

Date of committee	Committee recommendations during 2018/19	If recommendations adopted, enter Yes. If not adopted, provide explanation
	<ul style="list-style-type: none"> (ii) Appointment of main contractor for the construction of Alexandra Youth Development Safe Hub; (iii) Contract Administration Services for the Rea Vaya Intelligent Transport Systems; (iv) Appointment of main contractor for the Refurbishment of the Administration Building at Rea Vaya Selby Bus Depot Phase 2C; (v) Gandhi Precinct East Development – Upgrade of Main Street; (vi) Re-appointment of main contractor for the completion of the construction of the Health Clinic in Florida; (vii) Re-appointment of main contractor for the construction of Kazerne Intermodal Facility & a supplementary Internal Audit report on construction of Kazerne Intermodal Facility; (viii) Re-appointment of main contractor for the construction of the Braamfischerville Ext 12 Roads and Stormwater. A supplementary Internal Audit report on Braamfischerville Ext 12 Roads and Stormwater 	accordingly
24 June 2019	<ul style="list-style-type: none"> a) Programme Performance Information Management Policy and Reporting Framework b) Audit and Risk Committee Charter 	<p style="text-align: center;">Yes Yes</p>
	Delegation of Authority	<p>The Committee did not approve the Delegation of Authority. The document should be resubmitted having gone through Exco and Sub-Committees and CAE provided assurance that all changes made were effected.</p>
	<ul style="list-style-type: none"> a) CFO's End of the FY projections and Opex Implications b) Internal Audit Progress Report c) Review of the Q3 performance Information d) Review of tenders above R5,: Pre-qualification of Contractors – Our City Our Block 	<ul style="list-style-type: none"> a) The Committee noted the report accordingly b) The Committee noted the report accordingly c) The Committee noted the report accordingly d) The Committee noted the report accordingly

APPENDIX H: LONG-TERM CONTRACTS AND PUBLIC-PRIVATE PARTNERSHIPS

TABLE 53: SCHEDULE OF CONTRACTS OVER R10 MILLION AND RUNNING FOR MORE THAN ONE FINANCIAL YEAR:

Long-term contracts for 2018/19					
Name of service provider (entity or municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project manager	Contract value
Mayibuye Khum J.V	Drieziek Public Transport Facility	04 August 2018	30 June 2020	Portfolio C	R 32 697 624.00
Louwkey Construction JV EHM IT Solution	Rea Vaya BRT System Phase 1C ICT System	21 November 2018	30 June 2020	Portfolio C	R 20 753 543.21
Nkomaba Trading and Project	Bophelong Clinic in Doornkop	29 November 2018	30 June 2020	Portfolio B	R 33 927 849.50
HBC Construction / Nweti Construction JV	Jabulani Transit Oriented Development Phase 07: Molapo Brdige	13 December 2018	30 June 2020	Portfolio B	R 78 197 378.70
Zidlaphi Kgomo & Associates	Jabulani Transit Oriented Development Phase 06B	21 December 2018	30 June 2020	Portfolio B	R 45 236 441.09
A and P Civils and Trading (Pty) Ltd	Alex Youth Development Safe Hub	19 March 2019	30 June 2020	Portfolio A	R 17 364 684.26
Mayibuye i-Afrika Trading/ Khum KM JV	Rea Vaya Selby Bus Depot Phase 2b	19 March 2019	30 June 2020	Portfolio C	R 70 297 041.20
Gebenga Construction CC	Gandhi Square East Precint	17 May 2019	30 June 2020	Portfolio A	R 22 953 596.49
Shomang Construction cc	Florida Clinic	17 May 2019	30 June 2020	Portfolio B	R 31 429 635.33
Tswellapele Plants CC	Our City Our Block	24 May 2019	30 June 2020	Portfolio B	R 14 170 231.26
Mshandukani Holdings	Community Development Department: Multipurpose Centre in Matholesville	05 June 2019	30 June 2020	Portfolio B	R 12 622 273.63
Mintirho Business Enterprise	Community Development Department: Multipurpose Centre in Kaalfontein	12 June 2019	30 June 2020	Portfolio B	R 9 360 053.28
Zidlaphi Kgomo & Associates	Construction of Drieziek Multi-Purpose Centre	12 June 2019	30 June 2020	Portfolio B	R 44 817 993.78
Mintirho Business Enterprise	Construction of Ivory Park Swimming Pool	12 June 2019	30 June 2020	Portfolio B	R 40 259 292.64

No public-private partnership contracts are currently managed by the JDA.

APPENDIX I: MUNICIPAL ENTITY PERFORMANCE SCHEDULE

The City has thirteen entities that act as service delivery agents for the City. The entities are governed through a Service Delivery Agreement and remain fully controlled by the Metropolitan Council.

The mandate of the JDA²³ is:

- The JDA is responsible for stimulating and supporting area-based economic development initiatives throughout the Johannesburg metropolitan area in support of the long-term Growth and Development strategy.

TABLE 54: ALIGNMENT OF JDA MANDATE TO GDS AND IDP PROGRAMMES

GDS Outcomes	Key CoJ Priority Programmes	Key CoJ IDP Programme/s	Matching JDA Programme/s
1. A growing that economy that creates jobs	IDP Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	<ul style="list-style-type: none"> • Inner city regeneration, including key economic nodes • Increased infrastructure investment (from both public and private sectors) 	1: Inner city transformation Programme 2: Strategic economic node programme 5. Economic Empowerment Programme
3. Pro-poor development that provides meaningful redress	IDP Priority 2. Ensure pro-poor development that addresses spatial and income inequality and provides meaningful redress	<ul style="list-style-type: none"> • Increasing the delivery of efficient and effective transport (Public and Freight) connecting home, work, culture and leisure 	3: Public infrastructure delivery programme 4: Greater Alex and Alexandra Renewal Programme (ARP) 5. Economic Empowerment Programme
5. An honest, responsive and productive local government	IDP Priority 5: Create an honest and transparent City that fights corruption.	<ul style="list-style-type: none"> • Increasing forensic investigative capability and controls 	6: Good Governance, Management and Administration Programme
5. An honest, responsive and productive local government	IDP Priority 8: Enhance our financial sustainability.	<ul style="list-style-type: none"> • Focusing on driving up capital expenditure investment in infrastructure 	1: Inner city transformation Programme 2: Strategic economic node programme 3: Public infrastructure delivery programme 4: Greater Alex and Alexandra Renewal Programme (ARP)
5. An honest, responsive and productive local government	Priority 8: Encourage innovation and efficiency through the Smart City	<ul style="list-style-type: none"> • Focused improvement of ICT equipment and software 	6: Good Governance, Management and Administration Programme

²³ https://www.joburg.org.za/documents_/Documents/Intergrated%20Development%20Plan/IDP_Council.pdf

GDS Outcomes	Key CoJ Priority Programmes	Key CoJ IDP Programme/s	Matching JDA Programme/s
	programme.		
3. Pro-poor development that provides meaningful redress 5. An honest, responsive and productive local government	Day-to-Day Programme	<ul style="list-style-type: none"> • Other IDP or Day-to Day programmes 	5. Economic Empowerment Programme 6: Good Governance, Management and Administration Programme

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

Directors' and employees' declarations of interest

In accordance with its code of conduct, which is consistent with schedule 1 of the Municipal Systems Act and the provisions of the CoJ Corporate Governance Protocol for Municipal Entities, the JDA maintains a register of directors' declarations of interests. The register is updated annually and as and when each director's interests have changed. The JDA ensures that a conflicts of interest register is also circulated at every Board and Board committee meeting for the directors to declare any interests in relation to any matter that is to be discussed at a particular meeting.

All JDA employees are required to fill in declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the JDA, gifts and hospitality and the status of their municipal accounts. The employees' declaration of interests was undertaken in 2018/19.

TABLE 55: ASSESSMENT OF MUNICIPAL TAXES AND SERVICE CHARGES OWED TO THE JDA

Detail	0–30 days	31–60 days	61–90 days	91–180 days	>181	Total
Not applicable	-	-	-			

This is not applicable to the JDA as it does not levy municipal taxes and service charges.

TABLE 56: AMOUNTS OWED BY THE JDA FOR SERVICE CHARGES

Name of entity	Amount owed	Status	Comments
Johannesburg Water	Nil	Up to date	N/A
City Power	Nil	Up to date	N/A
City of Johannesburg	R4.4 million	Up to date	N/A

TABLE 68: ASSESSMENT OF DIRECTORS' AND SENIOR MANAGERS' MUNICIPAL ACCOUNTS

Name	Designation	Name of municipality	Municipal account name/number	Status as at 20 June 2019	Comments
S Moonsamy	CFO	City of Johannesburg	550017791	Nil	Account paid up
D. Cohen	Executive manager: strategy and planning	City of Johannesburg	550412216	Nil	Account paid up
R Shirinda	Company secretary	Ekurhuleni Municipality	1706238428	Nil	Account paid up
C Botes	Chief Executive Officer and former Executive Manager: Development Facilitation	City of Johannesburg	552623847	Nil	Account paid up
Z. Tshabalala	Chief Audit Executive)	City of Tshwane	5002180543	Nil	Account paid up
P Mkhize	Senior Development	City of Johannesburg	Awaiting Account Number (New	Nil	Account paid up

Name	Designation	Name of municipality	Municipal account name/number	Status as at 20 June 2019	Comments
	Manager		Development)		
N Mulovhedzi	Senior Development Manager	City of Johannesburg	550117725	Nil	Account paid up
M. Soni	Executive manager: Development Implementation	City of Johannesburg	552178804	Nil	Account paid up
B. Seopela	Executive manager: Corporate Services	City of Johannesburg	553091497	Nil	Account paid up
C Coovadia	Non-executive director	City of Johannesburg	400864220	Nil	Account paid up
P Masilo	Non-executive director	Ekurhuleni Municipality	2603356925	Nil	Account paid up
K Govender	Non-executive director	City of Johannesburg	551971094	Nil	Account paid up
P Zagaretos	Non-executive director	City Of Johannesburg	403253685	Nil	Account paid up
N Ngwenya	Non-executive director	City of Johannesburg	2608551960	Nil	Account paid up
A Steyn	Non-executive director	City of Johannesburg	300154298	Nil	Account paid up
M Qobo	Non-executive director	City of Tshwane	5013675161	Nil	Account paid up
P Mashele	Non-executive director	City of Tshwane	BOVB00023A	Nil	Account paid up
M Ntanga	Non-executive director	City of Johannesburg	403862542	Nil	Account paid up
E Peters	Non-executive director	City of Tshwane	5011593639	Nil	Account paid up
T Sambo	Non-executive director	City of Tshwane	5016239893	Nil	Account paid up
J Karuri-Sebina	Non-executive director	City of Tshwane	5016239893	Nil	Account paid up
S Jensma	Non-executive director	City of Tshwane	005280689	Nil	Account paid up

TABLE 58: DISCLOSURES OF FINANCIAL INTERESTS PERIOD 1 JULY 2018 TO 30 JUNE 2019

Position	Name	Description of financial interests (Nil or details)
Chair	C Coovadia	Trustee for Urban Housing Finance Director at: African Union for Housing Finance Banking Association SA Business Unity SA Centre for Development Enterprise Financial Services Council Finmark Trust International Banking Federation International Union for Housing Finance Metier Lereko National Business Unit Initiative Nepad Business Foundation Ombudsman for Financial Services SABRIC SADC Banking Association

Position	Name	Description of financial interests (Nil or details)
		Shares in: ABIL AngloGold ARROW A ARROW B Capitec Finbond FirstRand INVPLC JDE Netcare Oasis Petmin Pick n Pay PROPXTEN Redefine Satrix 40 Standard Bank
Board members	P Masilo	R Masilo Attorneys Director at: Ekurhuleni Development Company Maxalex Investments (Pty) Ltd Maxalex Property Development (Pty) Ltd
	P Mashele	Non-Executive Director: Centre for Progressive Ideas 1000 shares: Centre for Politics and Research 400 shares: Tshivirikani Enterprise 370 shares: Swakahina Enterprise 500 shares: Thought Capital
	A Steyn	Director at: n/a Financial Interest: Shares in: Sasol Inzalo Sasol BEE Multichoice MTN Fedsure Telkom
	N Ngwenya	Director at: Ntsele Global Financial Interest: 5 no. of shares – Ntsele Global 20 no. of shares – Ntsele Foods
	K Govender	Director at: Mally Govender and Associates Zukramede (Pty) Ltd Shares in MTN
	M Qobo	Director at: Zivoscan Qobo Destiny Group MUROTRAX MONUMATE Tutwa Consulting Group Financial Interest: 100 shares – Qobo Destiny Group 30 Tutwa Consulting Group Qobo Destiny Trust (Family Trust not active yet)

Position	Name	Description of financial interests (Nil or details)
	P Zagaretos	Director at: Tenurey Bespoke Advisory (Pty) Ltd Ule Investments (Pty) Ltd
Chief Executive Officer	C Botes	Nil
Chief Financial Officer	S Moonsamy	Nil
Executive managers	D Cohen	Nil
Other prescribed officials	R Shirinda	Nil
	Z Tshabalala	Audit and Risk Committee Member for Ekurhuleni Metropolitan Municipality and its entities.

TABLE 67: DISCLOSURES OF FINANCIAL INTERESTS PERIOD 17 APRIL 2019 TO 30 JUNE 2019

Position	Name	Description of financial interests (Nil or details)
Chair	M Ntanga	Director at: 1. Ntanga Nkuhlu Incorporated 2. Khumo Star (Pty) Ltd 3. Trustee at KTVR Trust
Board members	S Jensma	Director at: 1.Thembani International Guarantee Fund 2.Find Your Fire 3. Shared Interest
	J Karuri-Sebina	Director at: 1.SA Council for Planners (SACPLAN) since 2016. (Resigned 2019 as Advisory Council Member). 2. SA Node of the Millennium Project. NPO Director since 2004. 3. PlanAct. NPO Director since 2018.
	A Steyn	Director at: N/A Financial Interest: Shares in: Sasol Inzalo Sasol BEE Multichoice MTN Fedsure Telkom
	T Sambo	Nil
	K Govender	Director at: Mally Govender and Associates Zukramede (Pty) Ltd Shares in MTN Mally Govender and Associates Zukramede (Pty) Ltd Shares in MTN
	E Peters	Director at: KTA COOP

Position	Name	Description of financial interests (Nil or details)
		BLUE VALLEY HOLDINGS LEM INNOVATIONS SMART HEALTH COOP SETUP INFRASTRUCTURE DEVELOPERS
	P Zagaretos	Director at: Tenurey Bespoke Advisory (Pty) Ltd Ule Investments (Pty) Ltd

ANNUAL FINANCIAL STATEMENTS

- Annual Financial Statements
- Directors Report
- Company Secretary's Certificate



Johannesburg Development Agency (SOC) Ltd
(Registration number 2001/005101/07)
Annual financial statements
for the year ended 30 June 2019

These annual financial statements were prepared by:
Sherylee Moonsamy

Auditor-General of South Africa
Registered Auditors

Johannesburg Development Agency (SOC) Ltd

(Registration number 2001/005101/07)

Annual Financial Statements for the year ended 30 June 2019

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Regenerating the City of Johannesburg through facilitating and/or investing in development projects.
DIRECTORS	K Govender E Peters M Ntanga (Chairperson) G Karuri-Sebina S Jensma T Sambo S Moonsamy (Chief Financial Officer) A Steyn P Zagaretos
REGISTERED OFFICE	The Bus Factory 3 Helen Joseph Street Newtown Johannesburg 2000
BUSINESS ADDRESS	The Bus Factory 3 Helen Joseph Street Newtown Johannesburg 2000
POSTAL ADDRESS	P O Box 61877 Marshalltown Johannesburg 2001
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
BANKERS	Standard Bank of South Africa Limited
AUDITORS	Auditor-General of South Africa Registered Auditors
SECRETARY	R Shirinda
COMPANY REGISTRATION NUMBER	2001/005101/07

Johannesburg Development Agency (SOC) Ltd

(Registration number 2001/005101/07)

Annual Financial Statements for the year ended 30 June 2019

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COID	Compensation for Occupational Injuries and Diseases
CJMM	City of Johannesburg Metropolitan Municipality
BOARD	Board of Directors
ARC	Audit and Risk Committee
GRAP	Generally Recognised Accounting Practice
JDA	Johannesburg Development Agency (SOC) Ltd
IAS	International Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

Johannesburg Development Agency (SOC) Ltd

(Registration number 2001/005101/07)

Annual Financial Statements for the year ended 30 June 2019

Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal controls aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the CJMM for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the CJMM has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors to independently appraise the appropriateness, adequacy and the effectiveness of the internal control environment within the JDA.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 7 to 62, which have been prepared on the going concern basis, were approved by the directors on 29 November 2019 and were signed on its behalf by:



M Ntanga (Chairperson)



F Brink (Acting Chief Executive Officer)

Newtown, Johannesburg

Friday, 29 November 2019

Johannesburg Development Agency (SOC) Ltd

(Registration number 2001/005101/07)

Annual Financial Statements for the year ended 30 June 2019

Audit and Risk Committee Report

We are pleased to present the Audit and Risk Committee Report of the JDA for the financial year ended 30 June 2019; which is in compliance with the Companies Act and the requirements of the MFMA. The Committee has been appointed and has adopted terms of reference that comply with the Companies Act, King Code and MFMA (where applicable to the JDA). These terms have been approved by the JDA Board of Directors, copies of which are available from the Company Secretary on request.

Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed here under and should meet not less than 4 times per annum as per its approved terms of reference. During the current year seven meetings were held.

Name of member	Number of meetings attended
K Govender (Chairperson)	7
A Steyn	7
Z Samsam (Independent Member)	6
K Moodley (Independent Member)(Appointed 17 April 2019)	2
K Onuoka (Independent Member)	6
M Qobo (Retired 17 April 2019)	3
M Dolamo (Independent Member)(Retired 17 April 2019)	4

Audit and risk committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate, adequate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations thereof. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Evaluation of the annual financial statements

The Audit and Risk committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the directors;
- reviewed the Auditor-General of South Africa's management report and management's response from the prior year thereto;
- reviewed changes in accounting policies and practices ;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed the expertise, resources and experience of the company's finance function, and disclose the results of the review in the annual report.

Internal audit

The Audit and Risk committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits. The Audit and Risk Committee has;

- Approved the three year strategic rolling plan and the annual internal audit plan;
- Received and reviewed internal audit reports concerning the effectiveness and adequacy of the internal control environment, systems and processes;
- Reviewed the adequacy and appropriateness of management's corrective actions and implementation progress of such action plans; and
- Reviewed the internal audit function capacity and made recommendations.

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Audit and Risk Committee Report

Risk management and compliance

The Audit and Risk Committee has:

- Reviewed the compliance framework and the risk management framework;
- Reviewed the JDA's strategic, operational, fraud, IT and compliance risks;
- Determined the levels of risk appetite and monitoring that risks are managed within the pre-determination levels; and
- Reviewed and monitored the risk management processes to ensure that management implements appropriate risk management mitigation strategies.



Chairperson of the Audit Committee

Date: 30/08/2019

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Directors' Report

The directors submit their report for the year ended 30 June 2019.

1. INCORPORATION

The entity was incorporated in terms of the Companies Act 61 of 1973 on 07 March 2001 and obtained its certificate to commence business on the same day. The entity is a state-owned company as defined in the Companies Act No. 71 of 2008.

2. REVIEW OF ACTIVITIES

Main business and operations

The company is a Municipal Entity as contemplated in Local Government: Municipal Systems Act 32 of 2000. The principal objective of the company is to initiate, stimulate and support development projects that rejuvenate economic activity throughout the Johannesburg Metropolitan area. Its activities and interventions are directed at the urban and economic regeneration through large and small scale, multi-faceted capital infrastructure developments to achieve a spatially restructured city which promotes liveability, economic growth and an efficient and competitive, multi-use environments.

As an agency of the CJMM, the JDA obtains its mandate from the CJMM, acting through the Executive Mayor and Council. Acting through its Board of Directors, it is accountable to the Member of Mayoral Committee for Development Planning, who exercises political oversight and to whom the JDA undertakes service delivery and compliance reporting in respect of its scorecard. As an agency, JDA interacts closely with the CJMM's various departments and municipal entities in respect of their functional interests in development activities. The JDA operates in accordance with the Growth and Development Strategy principles of its parent municipality. Its overall functions are guided by the CJMM's existing plans, and spatial and economic frameworks.

The service delivery mandate is articulated in the Service Delivery Agreement (SDA) with the CJMM which serves as a shareholder compact with its parent municipality.

JDA manages its resources judiciously, adhering to the prescripts of its Supply Chain Management policies. To that end, the JDA follows best practice, balancing the need to support suppliers and ensure their continued survival and sustainability while simultaneously ensuring timeous delivery and execution of its activities, ensuring value for money is received.

Net surplus of the entity for the financial year is R705 838 (2018: deficit R4 207 284).

Fraud Hotline

As part of its endeavours to curb fraud and corruption in its activities, the entity maintains an anti-corruption Anonymous Tip-off Hotline which is managed by the City of Johannesburg Metropolitan Municipality. The JDA encourages all its stakeholders to use the Hotline to report incidents of fraud, corruption and maladministration. For the period under review the JDA received three tip-offs (2018: two tip-offs) from members of the public. The detail of the cases are as follows:

2019

Three tip-offs were received in which allegations were made regarding fraud, corruption or maladministration. All matters were referred to Group Forensics and Investigation and the outcomes of these investigations are still pending.

2018

Two tip-offs were received in which allegations were made regarding one case of maladministration of a JDA official with regards to service providers and one case of a JDA official unfairly issuing business to SMMEs. Both matters were subsequently concluded and closed.

3. GOING CONCERN

We draw attention to the fact that at 30 June 2019, the entity had an accumulated surplus (deficit) of R 52 759 082 and that the entity's total assets exceed its liabilities by R 69 036 706.

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Annual Financial Statements for the year ended 30 June 2019

Directors' Report

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder CJMM continue to provide funding through the implementation of their capital projects and the grant that currently received for operational purposes as it is disclosed in note 35.

4. EVENTS AFTER THE REPORTING DATE

On the 28th October 2019 the reversal/write-off of the interest incurred on the overdrawn sweeping account was approved by Mayoral Committee. This approval resulted in an adjusting event after reporting date and adjusted accordingly. Other than above, the accounting officer is not aware of any matter or event arising since the end of the reporting period and the date of this report, which will significantly affect the financial position and the results of the entity's operation as it is disclosed in note 36.

5. CONTINGENT LIABILITIES

The JDA is involved in several legal proceedings. The outcome of these legal proceedings cannot as yet be determined. Details of contingent liabilities are disclosed in note 31.

Included in the contingencies is the matter regarding the Grayston Pedestrian Bridge scaffolding collapse. On 14 October 2015 the scaffolding work into the Grayston Drive Pedestrian and Cyclist structural bridge collapsed which resulted in the loss of life and other damages.

Due to the nature of the incident, the Department of Labour (DOL) has to conduct a formal inquiry in terms of section 32 of the Occupational Health and Safety Act 85 of 1993 to determine the causes for the collapse of the scaffolding works.

The inquiry commenced on 7 July 2016 and a Commissioner has been appointed by the DOL. The hearing took place and was completed. We now await the report with the outcome from the Commissioner from the Department of Labour in this regard.

6. FRUITLESS AND WASTEFUL EXPENDITURE

The organisation had incurred no fruitless and wasteful expenditure in the current year. Details of the fruitless and wasteful expenditure incurred in the prior year is disclosed in Note 38.

7. IRREGULAR EXPENDITURE

Irregular expenditure to the value of R11,652,301 was incurred in the current year (2018: R784,320). Details of the irregular expenditure incurred in the current and prior year is disclosed in Note 39.

During the 2016/17 financial year the JDA had utilised Regulation 32 to appoint a service provider that was appointed by CJMM. The service provider contract was extended by CJMM without following the proper processes which resulted in irregular expenditure. This contract continued up until 2018/19 financial year and resulted in irregular expenditure of R70,984.

Included in the current year is over expenditure against the approved budget for operational expenditure of R11,581,317. This was mainly as a result of the internal interest charged on the overdrawn sweeping account from CJMM. Post year end, a request to write off this amount was made but was not yet approved by the reporting date.

8. ACCOUNTING POLICIES

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

9. SHARE CAPITAL / CONTRIBUTED CAPITAL

There were no changes in the authorised or issued share capital of the entity during the year under review.

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Annual Financial Statements for the year ended 30 June 2019

Directors' Report

An operating subsidy was provided to the entity by the shareholder during the year and except for this, no other contributions were received during the year.

10. DIRECTORS' PERSONAL FINANCIAL INTERESTS

All Directors have made the declarations of their business interest and signed their annual declarations of interests. No director is involved in any undertaking or entity which is in direct competition or whose activities are in conflict with the interests of the company. No director of the company declared any personal financial interest in any contracts considered and entered into by the company during the period under review.

11. DIRECTORS

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
K Govender	South African	
E Peters	South African	Appointed Wednesday, 17 April 2019
M Ntanga (Chairperson)	South African	Appointed Wednesday, 17 April 2019
G Karuri-Sebina	South African	Appointed Wednesday, 17 April 2019
S Jensma	South African	Appointed Wednesday, 17 April 2019
T Sambo	South African	Appointed Wednesday, 17 April 2019
S Moonsamy (Chief Financial Officer)	South African	
P Zagaretos	South African	
A Steyn	South African	
P Mashele	South African	Resigned 31 January 2019
P Masilo	South African	Retired 17 April 2019
C Coovadia (Chairperson)	South African	Retired 17 April 2019
M Qobo	South African	Retired 17 April 2019
N Ngwenya	South African	Retired 17 April 2019
C Botes (Chief Executive Officer)	South African	Deceased 30 April 2019

Douglas Cohen (EM: Planning & Strategy) had resumed the role of Chief Executive Officer in an acting capacity as from the 1st May 2019 until the 31 August 2019.

12. SECRETARY

The company secretary of the entity is R Shirinda of:

Business address

The Bus Factory
3 Helen Joseph Street
Newtown
Johannesburg
2000

Postal address

P O Box 61877
Marshalltown
Johannesburg
2001

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Annual Financial Statements for the year ended 30 June 2019

Directors' Report

13. CORPORATE GOVERNANCE

General

The Board of directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the directors supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa. The directors discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code, the Companies Act and MFMA on a quarterly basis.

The salient features of the entity's adoption of the Code is outlined below:

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - eight non-executive directors (2018: eight non-executive directors), all of whom are independent directors as defined in the Code. No director is a disqualified person in terms of Section 93F of the Municipal Systems Act; and
 - two executive directors (2018: two executive director), the Chief Executive Officer and the Chief Financial Officer.
- has established a Board directorship training programme through the annual induction programme and attendance of applicable courses for directors with the Institute of Directors.

Board Chairperson and Chief Executive Officer

The Board Chairperson is a non-executive and independent director and is not in employment of the company, or its parent municipality (as defined by the Code and the Municipal Systems Act).

The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The powers and duties of the Chief Executive Officer are properly delegated and are contained in a written delegation of duties document. Although functionally reporting to the Chief Executive Officer, the Chief Financial Officer is a full member of the Board and owes fiduciary duties to the entity and the entire Board in relation to the prudent financial management of the entity.

HR and Remuneration/Social and Ethics Committee

The members of the HR and Remuneration/Social Committee are Ms S Jensma, Mr E Peters and Mr P Zagaretos. The Chairperson of the HR and Remuneration/Social and Ethics Committee is Ms S Jensma who is a non-executive director. The HR and Remuneration/Social and Ethics Committee has met on three occasions during period under review to review matters necessary to fulfil their role. During the year under review the changes to the committee included the resignation of Mr M Qobo, Ms N Ngwenya, Mr P Masilo and Mr P Mashele and the appointments of Ms S Jensma and Mr E Peters

The upper limits of the remuneration of the Chief Executive Officer, and the Chief Financial Officer, who are the only two executive directors of the entity, are determined by CJMM, and the directors will determine the remuneration within the above mentioned limits. During the prior year, the Social and Ethics committee was combined with the Human Resources Committee post the Annual General Meeting in April 2018.

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Annual Financial Statements for the year ended 30 June 2019

Directors' Report

Audit and Risk Committee

The members of the Audit and Risk Committee are: Mr K Govender, Mr K Moodley, Ms K Onuoka, Mr Z Samsam and Mr A Steyn. The Chairperson of the Audit and Risk committee is Mr K Govender, who is a non-executive director. The committee has three independent members i.e: Ms K Onuoka, Mr M Moodley and Mr Z Samsam. The Audit Committee has met on seven occasions during period under review to review matters necessary to fulfil its role including recommending the annual financial statements to the Board for approval. The Chief Executive Officer and Chief Financial Officer are not members of the Audit and Risk Committee but have a standing invitation to attend meetings. During the current year under review the changes to the committee included the resignation of Ms M Dolamo and the appointment of Mr M Moodley.

14. CONTROLLING ENTITY

The JDA's controlling entity is The City of Johannesburg Metropolitan Municipality incorporated in South Africa.

15. SPECIAL RESOLUTIONS

None.

16. BANKERS

The management of the treasury function within the Company is managed under the auspices of the CJMM's Treasury department and Assets and Liabilities Committee. The current bankers are Standard Bank of South Africa Limited.

17. AUDITORS

Auditor-General of South Africa, Johannesburg will continue in office in accordance with the Public Audit Act No 25, section 92 of the MFMA and section 90 of the Companies Act.

18. INTERNAL AUDIT

The entity has established an internal audit function which is headed by a Chief Audit Executive. This is as per Circular 65 of the MFMA.

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Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



R Shirinda
Company Secretary

Newtown, Johannesburg
Friday, 29 November 2019

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Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018
ASSETS			
Current Assets			
Receivables from exchange transactions	3	765 538 805	875 059 944
VAT receivable	4	183 673 071	162 884 143
Cash and cash equivalents	5	2 910	1 500
		949 214 786	1 037 945 587
Non-Current Assets			
Property, plant and equipment	6	5 589 872	6 167 766
Intangible assets	7	20 812 127	21 542 358
Deferred tax	8	2 348 730	2 092 602
		28 750 729	29 802 726
Total Assets		977 965 515	1 067 748 313
LIABILITIES			
Current Liabilities			
Loans from shareholders	9	382 962 651	273 269 984
Finance lease obligation	10	-	34 474
Payables from exchange transactions	11	454 559 596	664 231 750
Provisions	12	5 444 641	5 127 452
Project Funds Payable	13	47 647 991	37 637 698
		890 614 879	980 301 358
Non-Current Liabilities			
Deferred tax	8	18 313 930	19 116 087
Total Liabilities		908 928 809	999 417 445
Net Assets		69 036 706	68 330 868
Share capital / contributed capital	14	16 277 624	16 277 624
Accumulated surplus		52 759 082	52 053 244
Total Net Assets		69 036 706	68 330 868

Johannesburg Development Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
Revenue			
Revenue from exchange transactions			
Rendering of services	15	59 683 106	69 290 314
Tender fee income	15	344 305	675 996
Rental income	15	551 811	219 715
Sundry income	15	120 395	92 083
Total revenue from exchange transactions		60 699 617	70 278 108
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	18	39 006 000	28 707 000
Total revenue	15	99 705 617	98 985 108
Expenditure			
Employee related costs	19	(74 238 486)	(65 388 471)
Administrative expenses	20	(2 230 441)	(1 721 939)
Depreciation and amortisation	21	(1 342 243)	(2 006 614)
Finance costs	22	(1 094)	(43 691)
Lease rentals on operating lease		(70 984)	(78 359)
Loss on disposal of assets and liabilities	24	(126 581)	(37 769)
General Expenses	25	(22 048 236)	(30 606 820)
Total expenditure		(100 058 065)	(99 883 663)
Deficit before taxation		(352 448)	(898 555)
Taxation	26	1 058 286	(3 308 729)
Surplus (deficit) for the year		705 838	(4 207 284)

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Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

Figures in Rand	Share capital / Share premium contributed capital		Total share capital	Accumulated surplus	Total net assets
Balance at 01 July 2017	60	16 277 564	16 277 624	56 260 528	72 538 152
Changes in net assets					
Surplus for the year	-	-	-	(4 207 284)	(4 207 284)
Total changes	-	-	-	(4 207 284)	(4 207 284)
Balance at 01 July 2018	60	16 277 564	16 277 624	52 053 244	68 330 868
Changes in net assets					
Surplus/(Deficit) for the year	-	-	-	705 838	705 838
Total changes	-	-	-	705 838	705 838
Balance at 30 June 2019	60	16 277 564	16 277 624	52 759 082	69 036 706
Note(s)	14	14	14		

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Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants		39 006 000	28 707 000
Other receipts incl. Tender fee income, rental income and sundry income		888 636	768 079
Cash receipts from CAPEX funding		1 449 481 890	1 811 195 597
		<u>1 489 376 526</u>	<u>1 840 670 676</u>
Payments			
Employee costs		(72 420 339)	(61 347 475)
Suppliers		(1 558 349 897)	(1 885 650 824)
		<u>(1 630 770 236)</u>	<u>(1 946 998 299)</u>
Net cash flows from operating activities	28	<u>(141 393 710)</u>	<u>(106 327 623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(160 716)	(395 468)
Purchase of other intangible assets	7	-	(7 491 932)
		<u>(160 716)</u>	<u>(7 887 400)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in Project Funds Payable		10 010 293	5 755 095
Proceeds of shareholders loan		131 581 111	109 033 374
Finance lease payments		(35 568)	(573 033)
		<u>141 555 836</u>	<u>114 215 436</u>
Net increase/(decrease) in cash and cash equivalents		1 410	413
Cash and cash equivalents at the beginning of the year		1 500	1 087
Cash and cash equivalents at the end of the year	5	<u>2 910</u>	<u>1 500</u>

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Rendering of services	86 215 000	(15 711 000)	70 504 000	59 683 106	(10 820 894)	43
Tender fee income	1 899 996	(1 400 000)	499 996	344 305	(155 691)	43
Rental income	54 996	300 000	354 996	551 811	196 815	43
Sundry income	594 996	(449 988)	145 008	120 395	(24 613)	42
Total revenue from exchange transactions	88 764 988	(17 260 988)	71 504 000	60 699 617	(10 804 383)	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	40 308 996	(1 302 996)	39 006 000	39 006 000	-	
Total revenue	129 073 984	(18 563 984)	110 510 000	99 705 617	(10 804 383)	
EXPENDITURE						
Employee related costs	(86 542 988)	2 634 000	(83 908 988)	(74 238 486)	9 670 502	43
Administration expenses	(699 079)	(1 500 000)	(2 199 079)	(2 230 441)	(31 362)	
Depreciation and amortisation	(2 715 012)	3 000	(2 712 012)	(1 342 243)	1 369 769	42
Finance costs	(7 368 996)	-	(7 368 996)	(1 094)	7 367 902	43
Lease rentals on operating lease	-	(80 000)	(80 000)	(70 984)	9 016	
General expenses	(31 647 915)	17 506 984	(14 140 931)	(22 048 236)	(7 907 305)	43
Total expenditure	(128 973 990)	18 563 984	(110 410 006)	(99 931 484)	10 478 522	
Operating deficit	99 994	-	99 994	(225 867)	(325 861)	
Loss on disposal of assets	(99 994)	-	(99 994)	(126 581)	(26 587)	
Deficit before taxation	-	-	-	(352 448)	(352 448)	
Taxation	-	-	-	(1 058 286)	(1 058 286)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	705 838	705 838	

Johannesburg Development Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder CJMM continue to provide funding through the implementation of their capital projects and the grant that currently is received for operational purposes.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

a. Trade receivables and/or loans and receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

b. Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets and intangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors.

c. Performance bonus

Bonus provision was raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions. The estimate includes all employees that were still in the JDA's employ as at year end and is based on the current year salary packages and the last approved performance scores (i.e. prior years performance bonus scores approved). These estimates are apportioned for all new employees and where no approved scores are available, an average of 8% was used.

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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

d. Useful lives of property, plant and equipment and intangible assets

The entity's management determines the estimated useful lives and related depreciation and amortisation charges for the property, plant and equipment and intangible assets. This estimate is based on an industry norm. Management will adjust the depreciation charge where the revised useful lives are more than previously estimated useful lives.

e. Effective interest rate

The entity used the prime interest rate to discount future cash flows.

f. Allowance for impairment

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

g. Relationship with majority shareholder and classification as principal

The JDA is an agency of the CJMM as a municipal entity. The JDA implements capital projects as part of the City's infrastructure programme. The CJMM makes capital budget available for these projects. The JDA contracts with suppliers and delivers these projects. The JDA pays suppliers, and then claims the capital expenditure against the budget from the CJMM. The CJMM then reimburses the JDA including a pre-determined rate of management fees, after the invoices have been submitted and scrutinised as correct.

Since the JDA does not capitalise any of these assets in its financial statements and CJMM recognises these as either Work-in-Progress or completed assets, i.e. as invoices are sent for reimbursement, the JDA is of the view that this revenue, which is received in arrears, cannot be classified as 'grant revenue'. Furthermore, CJMM does not recognise this as an expense paid to the JDA or grant. CJMM benefits totally from all implementation work done by the JDA, as at the completion of each project they add yet another asset to their register. The JDA bears all the contractual risk with the suppliers and regardless of any defaults in claims received from the controlling entity, the JDA will be liable to the suppliers for actual work performed. The only assets in the JDA's financials is a motor vehicle, computer equipment, furniture and fittings, office equipment and improvements to the office building. All these are paid from the operational funding and capitalised in the statement of financial position.

h. Project funds payable

Funds held for the purchase of land was transferred to the project funds payable from the Funds Held by the City. BRT Land was identified and these will be purchased once all the necessary processes have been completed. The current year project funds payable is classified as current liabilities as these funds are repayable on demand. Refer to note 13 for details.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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1.3 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is unrecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the supply of services.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	15
Motor vehicles	Straight line	8
Office equipment	Straight line	15
Computer Equipment	Straight line	15
Leasehold improvements	Straight line	20
Computer equipment - servers	Straight line	15
Leased assets - printers	Straight line	3

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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1.3 Property, plant and equipment (continued)

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend previous estimate unless expectations differ from the previous estimate.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised initially at cost when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Intangible assets still in work-in-progress represents intangible assets that are still in development and are not yet ready for use. These assets are disclosed as still in development and will not be amortised until it is deemed available for use.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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1.4 Intangible assets (continued)

Item	Useful life
Licenses	1 years
Computer software, internally generated	8 -15 years
Computer software, other	8-15 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at fair value
Cash and Cash equivalents	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loan from shareholder	Financial asset measured at fair value
Other financial liabilities	Financial asset measured at fair value
Payables from exchange transactions	Financial asset measured at fair value
Finance lease liabilities	Financial asset measured at fair value

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using initial cost accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following category:

- Financial instruments at fair value.

All financial assets measured at amortised cost are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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1.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using the initial cost accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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1.6 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

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1.7 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and contractual payments are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

1.8 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.

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1.8 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.8 Impairment of cash-generating assets (continued)

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.9 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.10 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

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1.11 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments, which is disclosed in note 30.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

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1.12 Commitments (continued)

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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1.14 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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1.14 Revenue from non-exchange transactions (continued)

Government grants

Government grants Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt.

When government remit grants on a re-imburement basis, revenue, is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

The monthly capital expenditure incurred for each project is accounted for as work in progress at CJMM. The monthly equivalent of the work in progress is claimed from the CJMM which results in a net effect zero for the JDA as the JDA is an agency of CJMM.

Transfers

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Services received in kind are recognised as revenue and as an asset as and when incurred.

1.15 Related parties

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

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1.15 Related parties (continued)

Relationships between parents and subsidiaries shall be disclosed irrespective of whether there have been transactions between those related parties. An entity shall disclose the name of the entity's parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

The JDA is a subsidiary of the CJMM and as a result is classified as a municipal entity. The JDA has identified the controlling entity and all fellow controlled entities as related parties and all related party transactions and balances are disclosed accordingly.

Employees identified as key personnel are all employees on the executive management committee of the JDA. Details of transactions with these individuals are included in the employee costs note.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

The JDA has a sweeping arrangement with CJMM Treasury Department thus interest incurred on the sweeping account is accounted for as a finance cost.

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as income in the statement of financial performance.

Unauthorised expenditure that was incurred and identified during the current financial year and which was not condoned by the Council or the Board of Directors or the relevant authority must be recorded appropriately in the unauthorised expenditure register. If liability for the unauthorised expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The unauthorised expenditure register must also be updated accordingly. If the unauthorised expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the unauthorised expenditure register.

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as income in the statement of financial performance.

Fruitless and wasteful expenditure excludes finance charges on the sweeping account and finance leases.

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1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned/written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned/written off by the CJMM, JDA Board of Directors or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Accumulated Surplus

The accumulated surplus represents the net difference between the total assets and total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.22 Change in estimates and errors

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in; the

- period of the change, if the change affects that period only, or
- the period of the change and future periods, if the change affects both.

All material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after the discovery by management by;

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, if it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity must restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Further, if it is impracticable to determine the cumulative effect, the beginning of the current period, of an error on all prior periods, the entity must restate the comparative information to correct the error prospectively from the earliest date practicable.

1.23 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

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1.23 Budget information (continued)

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 Loan to/(from) shareholder

These include loans to and from the controlling municipality (City of Johannesburg Metropolitan Municipality) and are recognized initially at fair value plus direct transaction costs.

Loans to controlling municipality are classified as loans and receivables.

Loans from controlling municipality are classified as financial liabilities measured at amortised cost.

1.26 VAT Receivable/(Payable)

VAT is an indirect tax based on the consumption in the economy. Vendors act as the agent of the government in collecting the VAT charged on taxable transactions. SARS is a government agency which administers the VAT Act and ensures that the tax is collected and that the tax law is properly enforced.

The generally accepted essential characteristics of a VAT type transaction are as follows:

- The tax applies generally to transactions related to goods and services.
- It is proportional to the price charged for the goods and services.
- It is charged at each stage of the production and distribution process.
- The taxable person (vendor) may deduct the tax paid during the preceding stages (i.e. the burden of the tax is on the final consumer)

VAT is only charged on taxable supplies made by a vendor. Taxable supplies include supplies for which VAT is charged at either the standard rate or zero rate, but does not include:

- salaries and wages;
- hobbies or any recreational pursuits (not conducted in the form of a business);
- exempt supplies (as defined in the VAT Act).

The South African VAT is destination based, which means that only the consumption of goods and services in South Africa is taxed. VAT is therefore paid on the supply of goods or services in South Africa as well as on the importation of goods into South Africa. VAT is currently levied at the standard rate of 14% (until 31 March 2018) and thereafter 15% on most supplies and importations, but there is a limited range of goods and services which are either exempt, or which are subject to tax at the zero rate (for example, exports are taxed at 0%). The importation of services is only subject to VAT where the importer is not a vendor, or where the services are imported for private, exempt or other non-taxable purposes. Certain imports of goods or services are exempt from VAT.

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1.26 VAT Receivable/(Payable) (continued)

VAT is recognised on the earlier of receipt of payment or invoice. The vendor reports to SARS at the end of every tax period on a VAT 201 return, where the input tax incurred for the tax period is offset against the output tax collected for the tax period and the balance is paid to SARS. It sometimes occurs that the result of the calculation for the tax period is a refund, instead of an amount payable to SARS. Refunds must be paid by SARS within 21 working days of receiving the correctly completed refund return, otherwise interest at the prescribed rate is payable by SARS to the vendor. However, interest is not paid if certain conditions are not met.

The JDA accounts for VAT in the invoice basis.

At the end of each month the amount owing to or from SARS is recognised as the net effect of of output tax earned and input tax incurred.

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2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	Not yet effective	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	Not yet effective	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	Not yet effective	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	Not yet effective	Unlikely there will be a material impact
• GRAP 38: Disclosure of interests in other entities	Not yet effective	Unlikely there will be a material impact
• GRAP 110: Living and Non-living resources	Not yet effective	Unlikely there will be a material impact

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Deposits	55 000	55 000
Project Funds Receivable	19 681 780	19 681 780
Rental Debtors	412 105	433 089
Trade debtors	256 839	-
Prepaid expenses	-	3 961
Related party debtors	745 133 081	854 886 114
	765 538 805	875 059 944

Deposits paid relate to a utility deposit that is held by City Power for the Bus Factory electricity account.

Projects funds receivable related to funds owing from the National Department of Tourism for the Alexandra Heritage Centre. The initial SLA indicated that payments will be effected based on different stages of the project. However, due to delays in the finalisation of the Business Plan at the National Department of Tourism, only part of the total value had been received. The balance included in Project funds receivable related to capital expenditure that was incurred in the previous year. The balance was subsequently invoiced to National Department of Tourism.

Rental debtors consist of the rental outstanding from the Bus Factory tenants. Payments are being received for the balances outstanding, however, not always consistently. The majority of the balance is owing by the Market Theatre that have since vacated the premises. The payment is being delayed pending the resolution of another matter.

Prepaid expenses relate to computer network costs that was paid in advance in the prior year.

Related party debtors relate to funds owed by the CJMM and municipal entities for expenditure incurred on capital projects.

Trade debtors relate to amount outstanding at year end for the Un-Habitat facilitation project that was completed during the current year. This amount was settled post year end.

Trade and other receivables pledged as security

No trade and other receivables were pledged as security for the period under review.

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3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

Trade and other receivables past due but not impaired

Trade and other receivables are considered individually and were not impaired. At 30 June 2019, R 114 554 706 (2018: R 117 076 944) were past due and were not impaired because the debtor is the CJMM and the possibility of default is remote.

The ageing of amounts past due but not impaired is as follows:

3 months past due	114 554 706	117 076 944
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4. VAT RECEIVABLE

VAT	183 673 071	162 884 143
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5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	2 910	1 500
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Cash on hand consists of petty cash.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
SBSA - Current account 198366	-	-	-	-	-	-
SBSA - Current account 352543	-	-	(1 083)	-	-	(1 083)

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6. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	2 432 404	(1 686 371)	746 033	2 475 411	(1 609 251)	866 160
Motor vehicles	136 013	(136 013)	-	136 013	(136 013)	-
Office equipment	384 291	(139 775)	244 516	428 404	(156 593)	271 811
Computer Equipment	2 904 732	(1 863 125)	1 041 607	3 147 115	(2 068 776)	1 078 339
Leasehold improvements	5 723 305	(2 761 721)	2 961 584	5 723 305	(2 477 098)	3 246 207
Computer Equipment - Servers	1 640 009	(1 043 877)	596 132	1 658 021	(1 002 362)	655 659
Leased assets	-	-	-	1 262 900	(1 213 310)	49 590
Total	13 220 754	(7 630 882)	5 589 872	14 831 169	(8 663 403)	6 167 766

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	866 160	-	(11 610)	(108 517)	746 033
Office equipment	271 811	-	(3 805)	(23 490)	244 516
Computer Equipment	1 078 339	160 716	(105 502)	(91 946)	1 041 607
Leasehold improvements	3 246 207	-	-	(284 623)	2 961 584
Computer Equipment - Servers	655 659	-	(5 666)	(53 861)	596 132
Leased assets	49 590	-	-	(49 590)	-
	6 167 766	160 716	(126 583)	(612 027)	5 589 872

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	958 164	35 349	-	(127 353)	866 160
Office equipment	257 114	33 930	-	(19 233)	271 811
Computer Equipment	1 287 347	67 019	(37 769)	(238 258)	1 078 339
Leasehold improvements	3 287 592	234 000	-	(275 385)	3 246 207
Computer Equipment - Servers	759 417	25 170	-	(128 928)	655 659
Computer Equipment - Leased Printers	470 557	-	-	(420 967)	49 590
	7 020 191	395 468	(37 769)	(1 210 124)	6 167 766

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6. PROPERTY, PLANT AND EQUIPMENT (continued)

Pledged as security

None of the above property, plant and equipment have been pledged as security.

Assets subject to finance lease (Net carrying amount)

Leasehold improvements	2 961 584	3 246 207
Printers and copiers	-	49 590
	2 961 584	3 295 797

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

Included in the above property, plant and equipment is a motor vehicle that is fully depreciated at year end. During the reassessment of useful lives the motor vehicle useful life was still assessed at 8 years with the intention of replacing the motor vehicle in the 2016/17 financial year. A operating lease for a new vehicle was entered into in the 2016/17 financial year. The operating lease was replaced in the current financial year and due to processes not being adequately followed at CJMM this process was put on hold. The disposal process was then put on hold until the outcome with the new lease is finalised in the event that the vehicle may be required to be placed back into service.

In the current year, the finance lease contract had expired during the financial year and the contractual conditions that resulted in a finance lease was no longer applicable as at year end. These printers were then retired before year end and was removed off the fixed asset register.

7. INTANGIBLE ASSETS

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	530 781	(530 781)	-	530 781	(236 053)	294 728
Computer software, internally generated	1 078 405	(950 792)	127 613	1 078 405	(907 165)	171 240
Computer software, other	12 804 237	(3 095 475)	9 708 762	6 302 036	(2 703 599)	3 598 437
Intangible assets under development	10 975 752	-	10 975 752	17 477 953	-	17 477 953
Total	25 389 175	(4 577 048)	20 812 127	25 389 175	(3 846 817)	21 542 358

Reconciliation of intangible assets - 2019

	Opening balance	Transfers received	Transfers	Amortisation	Total
Licenses	294 728	-	-	(294 728)	-
Computer software, internally generated	171 240	-	-	(43 627)	127 613
Computer software - other	3 598 437	6 502 201	-	(391 876)	9 708 762
Intangible assets under development	17 477 953	-	(6 502 201)	-	10 975 752
	21 542 358	6 502 201	(6 502 201)	(730 231)	20 812 127

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7. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Transfers	Transfer received	Amortisation	Total
Licenses	471 661	-	-	-	(176 933)	294 728
Computer software, internally generated	187 876	-	-	-	(16 636)	171 240
Computer software, other	14 187 379	-	(9 986 021)	-	(602 921)	3 598 437
Intangible assets under development	-	7 491 932	-	9 986 021	-	17 477 953
	14 846 916	7 491 932	(9 986 021)	9 986 021	(796 490)	21 542 358

Intangible assets under construction

The JDA is currently implementing different phases of the SAP computer software. Phase 1 included project systems being project implementation and supply chain management. The system related to Project Implementation went live in the first quarter of the 2016/17 financial year. In the current financial year, the HR and Payroll modules were brought into use as from the 01 March 2019 and the remainder of the intangible assets under construction are still classified as under construction as they have not gone live as yet.

Intangible assets under construction 10 975 752 17 477 953

8. DEFERRED TAX

Deferred tax liability

Property, plant and equipment	(1 456 916)	(1 634 091)
Temporary difference - S24C Allowance	(16 857 014)	(17 481 996)
Total deferred tax liability	(18 313 930)	(19 116 087)

Deferred tax asset

Provisions	2 348 730	2 082 949
Leases	-	9 653
Deferred tax balance from temporary differences other than unused tax losses	2 348 730	2 092 602
Total deferred tax asset	2 348 730	2 092 602

Deferred tax liability	(18 313 930)	(19 116 087)
Deferred tax asset	2 348 730	2 092 602
Total net deferred tax liability	(15 965 200)	(17 023 485)

Reconciliation of deferred tax asset \ (liability)

At beginning of year	(17 023 485)	(13 714 757)
Originating differences on tangible fixed assets	177 174	(345 751)
Originating differences on the S24C allowance	624 982	(2 903 624)
Originating differences arising from leases	(9 652)	(164 711)
Originating differences arising from provisions	265 781	105 358
	(15 965 200)	(17 023 485)

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9. LOANS TO (FROM) SHAREHOLDERS		
Sweeping account	(382 962 651)	(273 269 984)
The company has a sweeping arrangement with the CJMM whereby all cash is swept on a daily basis to the CJMM's bank account. Interest is paid and earned on this account at the CJMM Treasury rate.		
10. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	-	35 568
	-	35 568
less: future finance charges	-	(1 094)
Present value of minimum lease payments	-	34 474
Present value of minimum lease payments due		
- within one year	34 474	622 729
- in second to fifth year inclusive	1 094	(15 222)
- later than five years	(35 568)	(573 033)
	-	34 474

The JDA has leased 20 printer machines from Dalitso Business Equipment (Pty) Ltd and 2 printer machines from Konica Minolta (Pty) Ltd for a period of 3 years as from the 2015/16 financial year. The lease agreement provides for monthly payments of R47,753 in advance and no residual value. The lease agreement has come to the end of its term during the current year and a new lease agreement will be entered into in the 2019/20 financial year.

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11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	296 995 726	486 297 202
Deposits received from tenants	106 131	37 435
Accrued leave pay	2 943 680	2 311 650
Accrued expenses	10 248 977	16 528 448
Retentions held on construction contracts	139 410 419	153 897 167
Related parties payables	4 854 663	5 159 848
	454 559 596	664 231 750

Accrued expenses relates to expenditure that was incurred but no invoices was received as yet.

Deposits received from tenants represents deposits held on the initial rental agreements with the Bus Factory tenants.

Accrued leave pay relates to days owed to staff members at the reporting date calculated based on the daily pay rate.

Related party payables relate to funds owed to the CJMM and other entities for expenditure incurred and services rendered by the CJMM and other municipal entities.

Trade payables relate to suppliers payable for work done in the normal course of business. The JDA continues to strive to pay its trade payables within 30 days. However, based on the nature of the implementation of capital projects, the bulk of the expenditure is incurred during the last quarter of the financial year with recognition of these trade payables at year end. This results in a higher than normal trade payables balance at year end and is not necessarily a consistent balance throughout the year.

Retentions held on construction contracts relate to balances that withheld as per the contractual agreements with construction contractors as a percentage of the amount certified. These are deducted from the amounts paid to a contractor and are retained by the JDA. Retention is withheld to ensure that contractors adequately complete what is required by them in the contract.

12. PROVISIONS

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Total
Provision - Performance bonus	5 127 452	6 486 348	(6 169 159)	5 444 641

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Provision - Performance bonus	4 455 469	3 426 401	(2 754 418)	5 127 452

The performance management system is designed to ensure that the JDA's business strategy is translated into measurable key performance areas and indicators for employees. At the beginning of each financial year each employee concludes a performance management contract with a scorecard. Although the performance review in respect of the 2018/19 financial year will be completed during August 2019, bonus payments to qualifying employees will only be made after the finalisation of the 2018/19 audit and upon receipt of a unqualified audit report from the Auditor General. In December 2018, a bonus payment was made in relation to the 2017/18 year for all qualifying employees including some Executive and Senior Managers.

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13. PROJECT FUNDS PAYABLE

Projects Funds

Opening balance at the beginning of the year	37 637 698	31 882 602
CAPEX claims for the year	1 053 439 372	1 409 463 811
CAPEX Expenditure for the year	(1 043 429 080)	(1 403 708 715)
	47 647 990	37 637 698

Funds Payable

BRT	6 641 649	6 252 718
BRT Land	24 384 979	24 384 979
Newtown Improvement District	16 621 362	7 000 000
	47 647 990	37 637 698

The project funds payable relates to funding that was previously received in advance from CJMM for the implementation of projects. The remaining balances represent the projects that were either implemented below the original estimated costs or recoveries that were received after the completion of the projects.

BRT Land transfer relates to land funds that were previously held in attorney trust accounts and was transferred based on BRT land that was identified in the current year and will be purchased in the following financial year. These costs include the purchase of the land and other related costs.

Newtown Improvement District funds relates to funds received for the Newtown Improvement District on the sale and transfer of No.1 Central Place by the Newtown Development Company. The JDA is a representative on the Newtown Development Company on behalf of the shareholder CJMM. During the current year, the Greater Newtown Improvement District Company was dissolved and the net assets were transferred to the JDA to monitor and release funds as required for the district which constitutes

14. SHARE CAPITAL / CONTRIBUTED CAPITAL

Authorised

100 Ordinary Type A shares of R1 each	100	100
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Issued

60 Ordinary Type A shares of R1	60	60
Share premium	16 277 564	16 277 564
	16 277 624	16 277 624

All issued shares are fully paid up by CJMM. CJMM paid a share premium for these shares. The initial amount was issued in 2002 and was R3,489,664. The balance of this amount was paid to the JDA in 2003.

15. REVENUE

Rendering of services	59 683 106	69 290 314
Tender fee income	344 305	675 996
Rental income	551 811	219 715
Sundry Income	120 395	92 083
Government grants & subsidies	39 006 000	28 707 000
	99 705 617	98 985 108

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15. REVENUE (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	59 683 106	69 290 314
Tender fee income	344 305	675 996
Rental income	551 811	219 715
Sundry income	120 395	92 083
	60 699 617	70 278 108

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Transfer revenue		
Government grants & subsidies	39 006 000	28 707 000

Rendering of Services

Management fees are earned through the rendering of services by the JDA on projects funded by the CJMM and other funders. The JDA's Service Level Agreement with the CJMM and with each of the other funders stipulates the percentage fee to be claimed by the JDA for actual capital expenditure spent. The capital expenditure incurred and the management fees earned are claimed from CJMM on a monthly basis.

16. OTHER REVENUE

Tender fee income	344 305	675 996
Rental income	551 811	219 715
Sundry Income	120 395	92 083
	1 016 511	987 794

17. INTEREST RECEIVED

The amount that was previously recognised as interest received was transferred to project payable.

18. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants

Government grant (operating)	39 006 000	28 707 000
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19. EMPLOYEE RELATED COSTS

Basic	63 871 036	59 217 161
Bonus	7 151 791	3 426 401
UIF	351 028	299 612
COID	562 045	494 745
SDL	568 484	535 783
Other payroll levies	898 588	814 561
Leave pay accrual charge	835 514	600 208
	74 238 486	65 388 471

Included in the employee costs are non-executive director fees as shown in detail in note 29.

Included in the employee costs are the following key management positions:

Remuneration of executive managers	Earnings	Pension	Travel allowance	Annual Bonus	Total
C Botes (Chief Executive Officer)(Deceased)	1 459 892	-	25 000	129 549	1 614 441
S Moonsamy (Chief Financial Officer)	1 605 335	105 605	-	88 748	1 799 688
B Seopela (EM: Corporate Servies)	1 854 390	-	-	-	1 854 390
D Cohen (EM: Planning & Strategy)	1 385 197	64 075	-	147 597	1 596 869
M Soni (EM: Development Implementation)	1 358 367	-	132 000	-	1 490 367
Z Tshabalala (Chief Audit Executive)	1 194 687	56 722	-	270 935	1 522 344
R Shirinda (Company Secretary)	1 462 018	69 414	-	277 001	1 808 433
P Mkhize (SDM: Portfolio C) (Appointed 01 February 2017))	1 217 920	57 825	-	198 504	1 474 249
N Mulovhedzi (SDM: Portfolio B)	1 197 216	78 757	-	170 988	1 446 961
	12 735 022	432 398	157 000	1 283 322	14 607 742

20. ADMINISTRATIVE EXPENDITURE

Administration expenses	2 230 441	1 721 939
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Administrative expenditure includes archiving costs and monthly fees paid to Ditlodi Community Co-operative liason officers.

21. DEPRECIATION AND AMORTISATION

Property, plant and equipment	612 012	1 210 124
Intangible assets	730 231	796 490
	1 342 243	2 006 614

22. FINANCE COSTS

Trade and other payables - Telkom	-	69
Finance leases	1 094	43 622
	1 094	43 691

The increase in the interest on the sweeping account is mainly due to the prior year having being written off in the previous financial year. In the current year, the approval for the write-off is still outstanding.

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23. OPERATING LEASE

Current year payments

Lease rentals on vehicles	108 778	108 778
	108 778	108 778

Minimum lease payments due

- Within one year	-	36 259
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Operating lease payments represents rental payable by the entity for the use of a motor vehicle . The rental was for a motor vehicle over 12 months at a monthly payment of R9,064.84.

24. LOSS ON DISPOSAL OF ASSETS

Loss on disposal of assets	126 581	37 769
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The loss on disposal of assets relates to assets that were written off which includes laptop that were lost/stolen.

25. GENERAL EXPENSES

	22 048 236	30 606 820
Advertising	868 919	893 927
Auditors remuneration	2 021 953	1 145 645
Bank charges	20 845	19 014
CEO's Special Projects	-	9 789
Cellphone Expenses	560 959	484 172
Computer expenses	1 987 514	4 509 914
Consulting and professional fees	6 384 693	4 845 469
Development Facilitation Fees	455 340	2 071 803
Hygiene and other services	637 291	663 850
Insurance	320 041	421 949
Internal Audit Fees (Outsourced services)	-	848 592
Marketing	1 651 725	2 747 334
Meetings and Entertainment	233 861	262 760
Motor vehicle expenses	17 903	28 854
Planning and Strategy	864 356	1 485 430
Printing and stationery	594 529	673 000
Recruitment costs	361 703	1 969 028
Security (Guarding of municipal property)	2 201 823	4 044 400
Staff welfare	222 204	356 545
Telephone and fax	387 229	331 009
Training	756 570	856 153
Travel - local and foreign	17 272	595
Utilities	1 481 506	1 937 588

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26. TAXATION		
Major components of the tax (income) expense		
Deferred		
Originating and reversing temporary differences	(1 058 286)	3 308 729
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28,00 %	28,00 %
Temporary differences	4,55 %	(0,03)%
Non-deductible expenditure	(0,16)%	(0,55)%
	32,39 %	27,42 %
27. AUDITORS' REMUNERATION		
External audit fees	2 021 953	1 145 645
28. CASH USED IN OPERATIONS		
Surplus (deficit)	705 838	(4 207 284)
Adjustments for:		
Depreciation and amortisation	1 342 243	2 006 614
Loss on disposal of assets	126 581	37 769
Movements in provisions	317 189	671 983
Interest from finance leases	1 094	43 622
Changes in working capital:		
Receivables from exchange transactions	109 521 139	257 910 304
Payables from exchange transactions	(232 618 866)	(231 341 097)
VAT	(20 788 928)	(131 449 534)
	(141 393 710)	(106 327 623)

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29. DIRECTORS' EMOLUMENTS

Executive

2019

	Emoluments	Travel Allowance	Pension paid or receivable	Bonus payments	Total
C Botes (Chief Executive Officer)(Deceased)	1 459 892	25 000	-	129 549	1 614 441
S Moonsamy (Chief Financial Officer)	1 605 335	-	105 605	88 748	1 799 688
	3 065 227	25 000	105 605	218 297	3 414 129

2018

	Emoluments	Other benefits*	Pension paid or receivable	Travel Allowance	Total
T Mendrew (Chief Executive Officer)Resigned 31 August 2017)	300 971	145 832	-	-	446 803
C Botes (Chief Executive Officer)(Appointed 01 May 2018)	276 763	-	-	5 000	281 763
S Moonsamy (Chief Financial Officer)(Appointed 01 March 2018)	499 745	-	32 898	-	532 643
	1 077 479	145 832	32 898	5 000	1 261 209

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29. DIRECTORS' EMOLUMENTS (continued)

Non-executive

2019

	Directors' fees	Total
M Ntanga (Chairperson)	32 000	32 000
C Coovadia (Chairperson)(Retired)	96 000	96 000
A Steyn	157 000	157 000
Dr G Karuri-Sebina	24 000	24 000
E Peters	30 000	30 000
K Govender	185 000	185 000
T Sambo	24 000	24 000
P Mashele (Resigned 30 January 2019)	91 000	91 000
N Ngwenya (Retired 17 April 2019)	128 000	128 000
P Masilo (Retired 17 April 2019)	116 000	116 000
P Zagaretos	134 000	134 000
M Qobo (Retired 17 April 2019)	78 000	78 000
Z Samsam (Independent Audit and Risk Committee Member)	37 000	37 000
M Dolamo (Independent Audit and Risk Committee Member)(Retired 17 April 2019)	20 000	20 000
K Moodley (Independent Audit and Risk Committee Member)	12 000	12 000
K Onuoka (Independent Audit and Risk Committee Member)	41 000	41 000
	1 205 000	1 205 000

2018

	Directors' fees	Total
C Coovadia (Chairperson)	182 084	182 084
A Steyn	200 781	200 781
M Qobo	246 131	246 131
K Govender	332 336	332 336
NNgwenya	216 545	216 545
P Mashele	174 586	174 586
L Shole	12 168	12 168
P Masilo	136 504	136 504
P Zagaretos	152 543	152 543
Z Samsam (Independent Audit and Risk Committee Member)	76 840	76 840
M Dolamo (Independent Audit and Risk Committee Member)	76 050	76 050
K Onuoka (Independent Audit and Risk Committee Member)	68 445	68 445
	1 875 013	1 875 013

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30. COMMITMENTS		
Authorised capital expenditure		
Approved and not yet contracted for		
• Jabulani	-	15 000 000
• Balfour Park Transit Precinct Development	500 000	-
• Inner City Eastern Gateway_TOD	12 750 000	-
• Melville Activity Street	500 000	-
• Orlando East Station Precinct	250 000	-
• Pennyville Precinct	750 000	-
• Banakekelen Hospice Clinic	20 000 000	1 000 000
• Alexandra UDF	-	1 500 000
• Randburg CBD	500 000	-
• Lenasia CBD	20 000 000	-
• Pageview and Vrededorp	750 000	-
• Louis Botha	25 000 000	20 000 000
• Perth Corridor	12 988 000	25 000 000
• Turffontein Corridor	-	25 000 000
• Alexandra Sports and Youth Development	12 000 000	20 000 000
• Diepsloot Development	15 000 000	15 000 000
• Ivory Park UDF	13 300 000	13 000 000
• Roodepoort CBD Renewal	20 000 000	1 500 000
• Marlboro South Light	-	1 500 000
• Pioneer Park renewal/Orchards Clinic	10 000 000	20 000 000
• Operational CAPEX	1 000 000	1 000 000
	165 288 000	159 500 000
Not yet contracted for and authorised by directors		
• Contractual costs committed for multi-year contracts	1 306 012 217	1 455 956 799
Total capital commitments		
Approved not yet contracted for	165 288 000	159 500 000
Approved and contracted for	1 306 012 217	1 455 956 799
	1 471 300 217	1 615 456 799

The contractual costs committed arise from the related construction work as well as professional services which was contracted for but not yet incurred. This will be funded through capital budget allocations from various departments.

The approved and not yet contracted for commitments arise from the approved capital budget allocated to the JDA in the 2019/20 financial year.

The approved and contracted for commitments consist of the following:

Randburg Precinct	1 331 712	1 331 712
Hillbrow Tower Precinct	-	1 572 969
Inner City Core	2 410 428	21 999 811
Kaserne Development	161 958 409	26 048 376
Community Development Corridors of Freedom	-	83 115 082
Patterson Park	91 773 477	-
Brixton Social Cluster	13 304 043	122 389 015
Alexandra Fire Station	5 262 617	3 863 858
Johannesburg Art Gallery & Johannesburg Centre of Excellence	2 636 843	-
Central Fire Station	4 547 290	4 059 984
Lehae Training Academy & Fire Station	2 377 507	2 790 161
Inner City Eastern Gateway	3 300 900	5 314 342
Inner City Managed Lanes	93	19 265 532
Alexandra Youth Development	18 536 334	1 303 931
Ghandi Square East	16 509 402	-

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30. COMMITMENTS (continued)		
Inner City Ranks	2 694 519	-
Our City our Block	15 443 762	-
Integrated Management corridor	1 872 392	-
	343 959 728	293 054 773
Portfolio B:		
Orchards Clinic_Corridors of Freedom	17 555 966	33 622 662
Kliptown	-	8 303 573
Alexandra Automotive	-	36 102 756
Westbury TDC	8 014 436	42 586 616
Langlaagte Pharmacy	-	628 750
Claremont Clinic	414 780	2 755 687
Klipfontein, Turffontein and Zandspruit clinic	18 927 905	6 181 751
Florida Clinic	28 397 856	12 281 212
Nancefield TOD	-	466 684
Jabulani TOD	126 176 063	43 843 285
Noordgesig Social Cluster	1 631 887	14 182 267
Ebony Park Clinic	1 527 736	1 369 725
Thoko Mngoma	-	527 973
Rotunda Park	-	46 899 235
Naledi Clinic	1 924 083	2 969 910
Bezuidenhout Valley	1 991 875	1 991 875
Braamfischerville Ext 12	36 609 539	19 297 047
Bophelong and Protea South Clinics	2 089 889	3 288 898
Balfour Park	4 953 114	12 890 124
Diepsloot	3 920 878	2 126 453
Fleurhof Mining Project	4 860 576	4 860 576
Lenasia Transit Oriented	6 222 660	-
Bophelong Clinic	34 276 892	-
Ebony Park, Kaalfontein Intersection	4 400 649	-
Alex Hospice Malboro	7 463 513	-
Kaalfontein Mathelosville	9 781 392	-
Minor upgrade of swimming pools	211 063	-
Social Development facilities	24 491	-
Kaalfontein multipurpose	9 360 053	-
Ivory Swimming pool	52 623 257	-
Matholsville community centres	12 662 274	-
Driezik MPC	44 021 005	-
	440 043 832	297 177 059
Portfolio C:		
Non-motorised transport (NMT)	133 672 414	45 816 457
BRT Various	384 288 846	792 080 344
Community Development_libraries	-	6 304 618
Community Development_Community Centres	-	6 024 566
	517 961 260	850 225 985
Portfolio D:		
Jukskei River	-	580 000
Open Spaces	-	1 648 940
Vincent Tshabalala Bridge	-	770 805
Linear MArkets: Ivory Park/Alex	-	12 499 236
	-	15 498 981
Other projects		

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30. COMMITMENTS (continued)		
Operational contract	4 047 397	-
Total	1 306 012 217	1 455 956 799
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	-	27 194

Operating lease payments represents rental payable by the entity for the use of a motor vehicle . The rental is for a motor vehicle over 10 months at a monthly payment of R9,064.84. The rental period was originally from the 2nd December 2016 until 1st October 2017 and was extended until October 2018.

31. CONTINGENCIES

Bertrams Priority Block

The JDA has entered into legal proceedings regarding the relocation of illegal occupants in various buildings around the Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with illegal occupants to settle the matter out of court. Progress made since 2012 - Some of the illegal occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The few that would be left because of inability to meet monthly rental payments will be accommodated by the Department of Housing. Since this, no progress has been made in this matter due to ongoing negotiations for reallocations and the legal proceedings have been put in abeyance until alternate accommodation is found by the JDA and CJMM. The parties are working together to reach agreement without a protracted litigation processes.

Ubuntu Kraal (Pty) Ltd vs JDA & CJMM

The JDA has been served with summons for loss of income and damages to property by the operators of the establishment known as Ubuntu Kraal in Soweto, Johannesburg. The damages were alleged to have been caused by flooding due to the JDA activities in the construction of the Rea Vaya BRT infrastructure along Klipspruit Valley Road. The amount of damages claimed by the plaintiffs is R23.5 million. The matter is now being handled by CJMM insurer attorneys. The Matter was set for trial in June 2018 but was withdrawn from the trial roll. There has been no developments since the matter was removed from the trial roll in June 2018. The plaintiff's attorneys have withdrawn as attorneys of record on this matter and the attorneys that are meant to take over this matter have not yet filed their notice of substitution. We have written to the attorney and are yet to receive a response as to whether they still intend pursuing this matter..

Achusim Chijoike vs JDA and Skymark Security (Pty) Ltd

The JDA was incorrectly cited as a party to the proceedings. The JDA disputed the matter and indicated to the Plaintiff that it was incorrectly cited as a party.

The Plaintiff has to date not responded to our pleadings. A letter has been addressed by the JDA's attorneys (Routledge Modise T/A Hogan Lovells) to the Plaintiff to the effect that should we not receive any feedback from them, we shall proceed to seek court approval to withdraw the matter. The matter stopped at pleadings stage and is likely not going to proceed.

BRT - Thembu Convenience Store

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31. CONTINGENCIES (continued)

The CJMM and the JDA were served with a summons by Tembu Convenience Centre CC, trading as a convenience store and Engen Fuel dealership, for loss of income estimated at R17.8 million as a result of BRT construction works. The City has filed its papers defending the matter in the South Gauteng High Court. The JDA is defending the matter through its attorneys (Mchunu Inc.) The matter went for trial on 6 to 8 June 2017. A judgement was in the JDAs favor and the case was dismissed with costs of tow counsels on 15 September 2017. On the 27th February 2018, the High Court had granted Tembu Convenience Centre CC their application for leave to appeal. The JDA has successfully defended the matter at teh Supreme Court of Appeal and was awarded costs.

Dark Fibre Africa vs JDA and Easyway Tarmac Pave and Projects CC

The matter relates to the fibre optic cable that was damaged by opening a trench in the road reserve with a TLB Machine along the road carriage way of Orlando east, near Sefa Sonke street around 22 June 2013. The plaintiff, Dark Fibre Africa (Pty) Ltd is suing the JDA (2nd Defendant) on the basis that JDA used the services of Easyway Tarmac Pave and Projects CC to manage and control the execution of the water pipeline project and to do the drilling and excavation along the road carriage way of Orlando East near the intersection with Sefa Sonke street. The matter is being defended by the lawyers appointed by the JDA's insurers (AON). The contractor (Easy Way Tarmac) made payment arrangements with the Plaintiff and this regards and commenced paymentt of the damages claimed since 12 October 2016. The matter is considered closed.

Grayston Pedestrian Bridge scaffolding collapse

On 14 October 2015 the scaffolding work into the Grayston Drive Pedestrian and Cyclist structural bridge collapsed which resulted in the loss of life and other damages.

Due to the nature of the incident, the Department of Labour (DOL) has to conduct a formal inquiry in terms of section 32 of the Occupational Health and Safety Act 85 of 1993 to determine the causes for the collapse of the scaffolding works.

The inquiry commenced on 7 July 2016 and a Commissioner has been appointed by the DOL. The hearing took place and was completed. We now await the report with the outcome from the Commissioner from the Department of Labour in this regard.

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32. RELATED PARTIES

Relationships

Controlling entity

The City of Johannesburg Metropolitan Municipality
Johannesburg Social Housing Company (SOC) Ltd
City Power Johannesburg (SOC) Ltd
Johannesburg City Parks and Zoo NPC
Johannesburg Metropolitan Bus Services (SOC) Ltd
Johannesburg Roads Agency (SOC) Ltd
The Johannesburg Tourism Company NPC
Johannesburg Water (SOC) Ltd
Johannesburg Market (SOC) Ltd
Johannesburg Property Company (SOC) Ltd
Pikitup (SOC) Ltd
Refer to Employee costs note

Members of key management

Related party balances

Loan accounts - Owning (to) by related parties

CJMM - Treasury (382 962 651) (313 845 948)

Amounts included in Trade receivable regarding related parties

CJMM 744 593 805 854 886 114
Joburg Market (SOC) Ltd 539 275 -

Amounts included in Trade Payables regarding to related parties

CJMM 4 447 307 5 549 264
Johannesburg Water (SOC) Ltd 407 356 407 356

Related party transactions

Purchases from (sales to) related parties

CJMM - Corporate Services 662 915 538 245
City Power (SOC) Ltd 1 481 505 1 937 588
CJMM - Department of Planning 1 316 107 5 108 139
CJMM - Group Risk and Assurance services 308 023 -

Income from related parties

CJMM - Development Management fees 59 683 106 69 290 314
CJMM - Grant 39 006 000 28 707 000

Payments to related parties

CJMM 4 344 142 6 219 372

All related parties are at arms length basis.

33. CHANGE IN ESTIMATE

Property, plant and equipment

The useful life of certain property, plant and equipment was estimated in 2019 to be 5-15 years. In the current period management have revised their estimate to within 5-20 years. The effect of this revision has decreased the depreciation charges for the current by R 165 910 and increased future periods by R165 910. This included the reassessment for IT Equipment, furniture and fittings and computer equipment for servers.

The impact on tax would be R46,455 in future periods.

The impact on the cash flow statement would be R119,455.

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33. CHANGE IN ESTIMATE (continued)

Intangible Assets

The useful life of intangible assets was estimated in 2018 to be 8-15 years. In the current period management have revised their estimate to within 15 years. The effect of this revision has decreased the amortisation for the current year by R 330 027 and increased future periods by R330027.

The impact on tax is R92 408.

The impact on the cash flow statement is R237 619.

34. RISK MANAGEMENT

The JDA has a risk management strategy, which follows an enterprise-wide risk management system in which all identified risk areas are managed systematically and continuously at departmental level, and a risk register. The register is treated as a working risk management document because risks are constantly recorded and managed. Management monitors and evaluates the implementation and efficiency of controls and actions to improve current controls in the risk register.

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to meet the principle objectives of the organisation for the controlling entity and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of debt, which includes the borrowings disclosed in notes 8 and 10, cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

As stated in the note regarding going concern, the entity's existence is dependant on the continued support from the controlling entity CJMM.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	454 071 409	-	-	-
At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	662 949 436	-	-	-

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34. RISK MANAGEMENT (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2019	2018
Loans from shareholder	(382 962 651)	(313 845 948)
Trade and other receivables	765 538 805	875 059 944

35. GOING CONCERN

We draw attention to the fact that at 30 June 2019, the entity had an accumulated surplus (deficit) of R 52 759 082 and that the entity's total assets exceed its liabilities by R 69 036 706.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder continues to provide funding through their implementation of their capital projects and the the grant that currently is received for operational purposes.

36. EVENTS AFTER THE REPORTING DATE

On the 28th October 2019 the reversal/write-off of the interest incurred on the overdrawn sweeping account which amounts to R21 888 444 was approved by Mayoral Committee. This approval resulted in an adjusting event after reporting date and adjusted accordingly. other than above ,the accounting officer is not aware of any matter or event arising since the end of the reporting period and the date of this report,which will significantly affect the financial position and the results of the entity's operation.

37. UNAUTHORISED EXPENDITURE

No unauthorised expenditure has been incurred in the current year.

38. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance from prior year	2 991 261	2 991 261
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No movement in the current year.

Detail of expenditure - 2016

	Interest and penalties to SARS	Total
Fruitless and wasteful expenditure identified	2 991 261	2 991 261

Interest and penalties paid to SARS was charged based on the late payment and submission of the December 2015 VAT return. At the time of submission, the VAT return on the e-filing system was completed however due to some system errors the VAT return was not allowing the return to be submitted and for a payment to be generated. This was then communicated to SARS and when the matter was finally resolved, it was after the Standard Bank shut-down restricted time. This was then objected to and no response has yet been received from SARS.

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39. IRREGULAR EXPENDITURE

Opening balance	5 452 598	4 260 658
Add: Irregular Expenditure - current year	70 984	784 320
Add: Current year	-	407 620
	5 523 582	5 452 598

Details of irregular expenditure – current year

Avis Fleet	Review being done by shareholder	70 984
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During the 2016/17 financial year, the JDA had incurred services with a service provider that was extended without following the proper processes. This contract was selected through a Regulation 32 and was appointed by CJMM.

Additional text

40. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Audit fees

Current year subscription / fee	2 021 953	1 145 645
Amount paid - current year	(2 021 953)	(1 145 645)
	-	-

PAYE and UIF

Current year subscription / fee	16 428 914	13 568 987
Amount paid - current year	(16 428 914)	(13 568 987)
	-	-

Pension Deductions

Current year subscription / fee	6 049 787	5 679 879
Amount paid - current year	(6 049 787)	(5 679 879)
	-	-

VAT

VAT receivable	183 673 071	162 884 143
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All VAT returns was submitted by the due date throughout the year.

41. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the annual financial statements.

Ditlodi Community Liaisons	1 937 244	1 937 244
Various service providers - minimum three quotations not received	13 827 287	928 960
	15 764 531	2 866 204

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41. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Categories of deviation as per Regulation 36 of the MFMA

Ratified minor breaches of SCM processes	15 764 531	2 866 204
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Deviations - 2019

Ratification - Appointments made were less than three quotations were received

The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. In the current financial year there were various service providers appointed where less than three quotations were obtained to a value of R13 million these also includes the request for quotations from the approved panel service providers.

Appointment of service provider for Community Liaison services in Alexandra - Ditlodi

The Accounting officer approved a deviation from normal supply chain processes as per regulation 36 (1)(a)(v) for the appointment of a service provider to manage Community Liaison Officers (CLOs) based in Alexandra. Since the beginning of the Alexandra Renewal Programme in 2001 the project has had the services of a group of CLOs. These CLO's were appointed by the Gauteng Department of Human Settlements through an independent service provider. The contract between the Gauteng Department of Human Settlements and the service provider came to an end on 31 March 2015. Replacing the group of CLOs through an open tender process would pose a serious threat to the delivery of projects in Alexandra. The deviation from normal supply chain processes was to enter into direct negotiations with the Cooperative formed by the CLOs with a view of appointing them to provide community liaison services for the Alexandra Renewal Programme.

Deviations - 2018

Ratification - Appointments made were less than three quotations were received

The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. In the current financial year there were various service providers appointed where less than three quotations were obtained to a value of R928,960 these also includes the request for quotations from the approved panel service providers.

Appointment of service provider for Community Liaison services in Alexandra - Ditlodi

The Accounting officer approved a deviation from normal supply chain processes as per regulation 36 (1)(a)(v) for the appointment of a service provider to manage Community Liaison Officers (CLOs) based in Alexandra. Since the beginning of the Alexandra Renewal Programme in 2001 the project has had the services of a group of CLOs. These CLO's were appointed by the Gauteng Department of Human Settlements through an independent service provider. The contract between the Gauteng Department of Human Settlements and the service provider came to an end on 31 March 2015. Replacing the group of CLOs through an open tender process would pose a serious threat to the delivery of projects in Alexandra. The deviation from normal supply chain processes was to enter into direct negotiations with the Cooperative formed by the CLOs with a view of appointing them to provide community liaison services for the Alexandra Renewal Programme.

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42. AWARDS MADE TO A PERSON WHOSE CLOSE FAMILY MEMBERS ARE IN THE SERVICE OF THE STATE

A municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including:

- (a) the name of that bidder;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

Name of project	Company name	Capacity in which the close family member is in service of the state	Name of the person	Amount
Noordgesig Social Cluster: CPC Inner City Ranks Project Manager	GIBB (Pty) Ltd	Daughter employed by Health Infrastructure PWGWC as a State Accountant and another Daughter employed by the City of Cape town as a Project Administrator	Clive September	656 263
		Parent employed by the Dept of Education KZN as a data capture and Another parent employed by the Dept of Education as an Educator	Darren Pillay	
		Spouse works for the City of Cape Town as Head: Business Continuity	Jenny Moon	
		Spouse works for the City of Cape Town as Principle Professional officer	Jo-Anne Stolworthy	
		Spouse works for Eskom as Chief Engineer	Lize De Beer	
		Spouse works for the National Department of water Affairs and Forestry as an Accounting Clerk	Mthokozisi Selby Mkhize	
		Department of Education as a Senior Educator	Neville Randall	
		Spouse works for the Dept of Correctional Services as Correctional Officer	Nomasithini Nzayiya	
		Partner works for the Department of transport and Public Works as DDG	Penny Smith	
		Spouse work for Department of National Treasury as Deputy Director	Rorisang Lekonyana	
		Parent works for Department of Water Affairs and Forestry	Douglas Kiewiet	
		Spouse works for the Gauteng Dept of Education as an HOD for Math's	Vinnie Naidoo	
		Spouse works for the City of Cape Town as senior Professional Officer and Mother works for the Dept of Education KZN as HoD: Languages, Father works for the Dept of Transport KZN as Mechanical Engineer	Pravanya Pillay	

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42. AWARDS MADE TO A PERSON WHOSE CLOSE FAMILY MEMBERS ARE IN THE SERVICE OF THE STATE (continued)

		Brother works for City Engineers as Architect/town Planner	Zafar Haq	
Brixton Social Cluster	Threshold Project Manager	Wife is employed by DBSA and sister employed by SAA	Nokuthula Sedumedi	1 839 600
Brixton Social Cluster: Consortium of Engineers	CSM Consulting Services	Son is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning		2 053 480
Alexandra Hospice Centre	Lukhozi Consulting Engineers	Wife employed by Office of the Premier	Lumko Sidwell Mhlauli	1 738 231
Emdeni Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	CAJ Van Coille	2 885 000
Roodepoort Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	CAJ Van Coille	2 860 000

43. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Rendering of services - Management fees are raised on CAPEX budget and only 88% of the overall CAPEX budget was spent for the current financial year. The under expenditure in the CAPEX budget has resulted in an under recovery of management fees from the relevant departments.

Tender fee income - The overall tender fees are budgeted for based on prior year trends. The overall tender fee income is dependant on the number of bidders that purchase the proposal documents. During the current year a lower than expected number of tender documents were purchased due to National Treasury requesting the utilisation of the e-tender website. Going forward, all tenders are advertised on the website and not tender fees are charged.

Sundry income - Included in the amounts are SDL refunds that were received from SDL returns that were filed.

Rental income - Included in the rental income is the rental of the Newtown Square on behalf of CJMM.

Interest received - Included in the interest income is interest earned on a property trust account that was with JDA land lawyers. The funds required for the purchase of the land was held in a trust account until the transfer was officially concluded and the interest was earned on the period that the funds were held.

Employee related costs - The variance is mainly due to vacant key positions as well as a hold being put on certain positions until the Organisational Development process is concluded. Included in the budget was also provision for the salary parity process that was concluded, with an overall saving that was identified during the process.

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43. BUDGET DIFFERENCES (continued)

Depreciation and amortisation - The variance is mainly due to the reassessment of useful lives that was conducted in the prior year and resulted in lower depreciation for the current year.

Finance costs - Included in the finance costs is interest charged on the sweeping account. A request has been made for the write off of the interest.

General expenses - During the budget adjustment process a budget rebasement was applied which resulted in an overall decrease in the expenditure budget. However, during the current year there was expenditure items that was in excess of the budgeted amounts. These are as follows:

- Legal costs - An increase in legal costs in the current year due to a number of arbitration cases that resulted from the termination of poor performing contractors and internal matters..